

CITY OF EL PASO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
AUGUST 31, 2022**



OUR MISSION

Deliver exceptional services to support a high quality of life and place for our community.

OUR VISION

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.

OUR VALUES

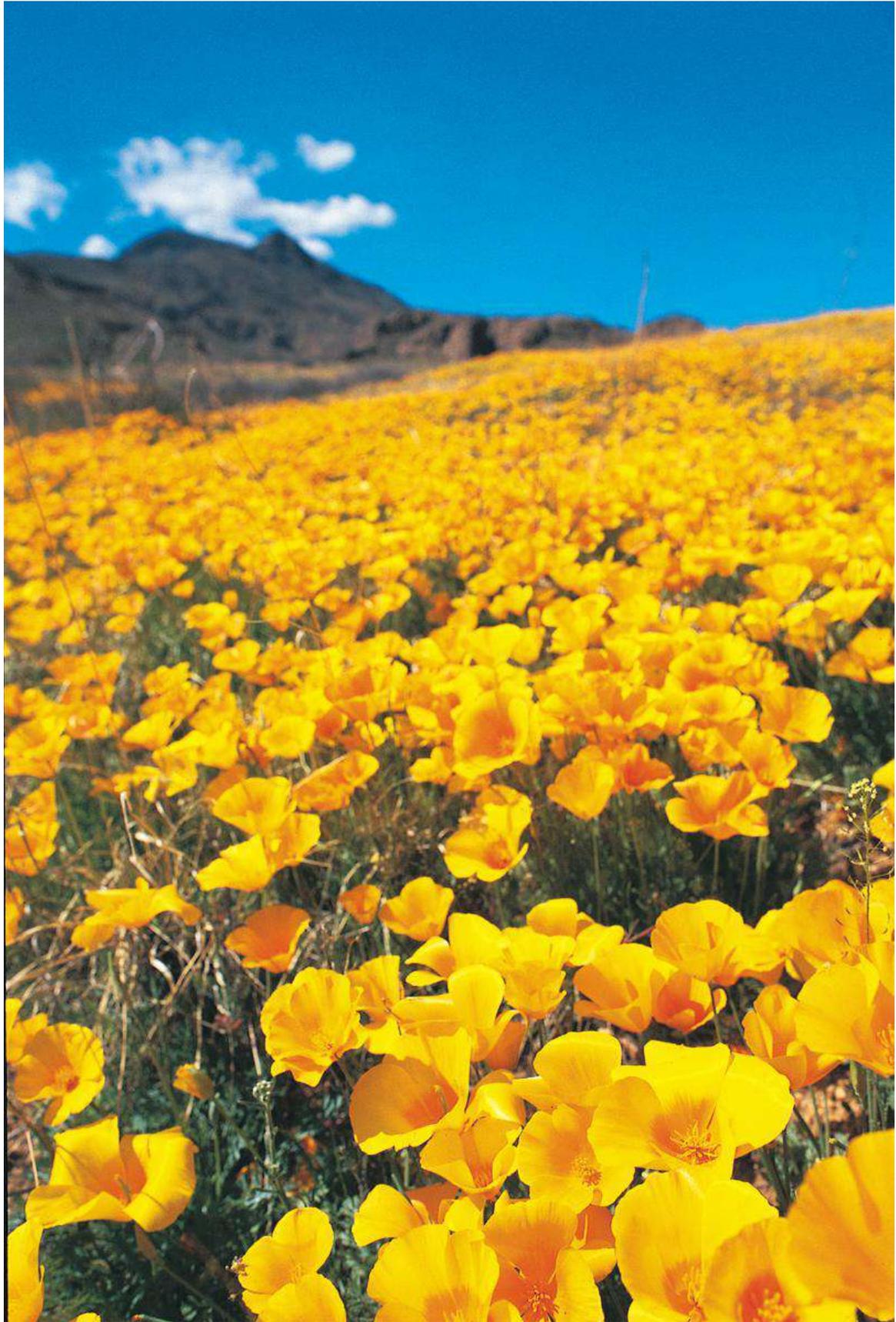
Integrity, Respect, Excellence, Accountability, People

CITY OF EL PASO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2022

**Prepared by
The Office of the Comptroller**





CITY OF EL PASO, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2022
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INTRODUCTORY SECTION





Office of the Comptroller

MAYOR

Oscar Leeser

February 24, 2023

CITY COUNCIL**District 1**

Brian Kennedy

District 2

Alexandra Annelo

District 3

Cassandra Hernandez

District 4

Joe Molinar

District 5

Isabel Salcido

District 6

Art Fierro

District 7

Henry Rivera

District 8

Chris Canales

CITY MANAGER

Tommy Gonzalez

To the Honorable Mayor, Members of the City Council, and Citizens of the City of El Paso, Texas:

We are pleased to present the City of El Paso’s Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2022. State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended August 31, 2022.

In addition, Section 7.21 of the City Charter requires an annual audit of all City accounts by an independent certified public accountant. The ACFR is the summary of the City’s financial activities for the past fiscal year. We believe this ACFR is accurate in all material aspects; that it presents fairly the financial position and financial activities of the City measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the City’s financial affairs have been included.

City Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Moss Adams LLP, independent auditors, have issued an unmodified (“clean”) opinion on the City of El Paso, Texas’ financial statements for the year ended August 31, 2022. The independent auditor’s report is located in the financial section of this report.

Generally accepted accounting principles in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor’s report.

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Profile of the City

El Paso was incorporated in 1873, and in 2022 celebrated the 149th year since its founding. The City is located at the confluence of two countries (the United States and Mexico), and three states (Texas, Chihuahua, and New Mexico). The City of El Paso represents one-half of the largest binational metroplex in the Western Hemisphere with the regional population expected to exceed 3 million by 2030.

The City is located in far west Texas and is the sixth largest city in the state. The City's corporate limits encompass approximately 256 square miles. It is approximately equidistant from the cities of Houston, Texas; Denver, Colorado; and Los Angeles, California. The area comprising the region around the City of El Paso has a population in excess of 2.4 million. The City's estimated population as of 2022 was 678,415. El Paso County's estimated population other than the City was 189,532 and Ciudad Juarez, Mexico's estimated population was 1.6 million.

The City operates under a Home Rule Charter with a Council-Manager form of government consisting of a mayor and eight council members. The mayor is elected at large for a four-year term. Council members are elected from eight single member districts for a four-year term. Elections are held bi-annually. The City Manager, appointed by the City Council, is responsible for the management of City employees and the administration of all City affairs.

The City of El Paso provides a full range of services to the general public. These services include police and fire protection; emergency medical and health services; sanitation services; mass transit transportation; construction and maintenance of streets and infrastructure; recreational activities and cultural events; convention and cultural facilities, international airport and bridges, economic initiatives and general administrative services.

Financial Reporting Entity

The financial statements presented conform to the requirements of the Governmental Accounting Standards Board (GASB). GASB has established government-wide and combining fund financial statements as the required reporting level for governmental entities that present financial statements in accordance with GAAP. This report includes financial statements of the funds required for those activities, organizations, and functions related to the City and that are controlled by or dependent upon the City's governing body, which is the City Council. The financial statements present the City of El Paso, which includes the primary government and its component units.

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The basic criterion for determining whether another governmental organization should be included as part of the primary government's reporting entity is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body *and* the ability of the primary government to impose its will on the organization or the existence of a financial benefit/burden relationship. An organization which is fiscally dependent on the primary government should be included as part of the reporting entity.

The following component units, although legally separate from the City, are reported as part of the reporting entity. Detailed information about these entities can be found in Note 1 of the financial report:

Discretely Presented Component Units

El Paso Water (EPWater)

EPWater is a component unit of the City whose mission is to provide the area residents with sustainable water supply and the highest quality water services to enhance the vitality of El Paso.

El Paso Housing Finance Corporation (EPHFC)

EPHFC is an independent entity, created pursuant to the Housing Finance Corporation Act by the City Council as a non-profit corporation to assist persons of low and moderate income with affordable housing.

Blended Component Units

Downtown Development Corporation (DDC)

The DDC was created and organized as a public non-profit local government corporation, to assist and act on behalf of the City in the performance of the City's governmental functions related to the downtown ballpark venue.

El Paso Children's Museum Development Corporation (CMDC)

The CMDC was created as a public non-profit local government corporation to assist and act on behalf of the City in the performance of functions related to construction and operations of the Children's Museum. The Children's Museum is set to open to the public in the summer of 2023 and it will be an integral part of the educational initiatives of the City.

Thunder Canyon Public Improvement District 1 (PID)

The Thunder Canyon PID is a 26-acre natural arroyo in the western slopes of the Franklin Mountains. Residents around the canyon area worked with the City to create a PID and purchased

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the property from the developer as part of the preservation efforts. Ninety-three homeowners agreed to tax themselves to pay off the purchase price of the land that now belongs to the City.

Eastside Sports Complex Public Improvement District 2 (PID)

The Eastside Sports Complex PID was created by the City as a means to pay for the development and construction of a sports complex located in the eastside area of El Paso. Residents of this area will enjoy free access to the park in exchange for paying the cost of the project. A Tax Increment Reinvestment Zone (TIRZ) has also been created to complement the PID revenues and consequently pay for debt service of the certificates of obligation obtained to pay the construction of the park.

El Paso Property Finance Authority, Inc. (Authority)

The Authority was created to establish a Permanent Public Improvements Program. City Council is accountable for its operations.

Fiduciary Component Units

City Employees' Retirement Trust (CERT)

The City contributes to the CERT which is a single-employer defined benefit retirement system established under legal authority of the City Charter and administered by a Board of Trustees (CERT Board). Although not under the direct control of the City, the CERT serves only City and Public Service Board employees (EPWater) and because of the scope of service, is included in the City's financial statements as a Pension Trust Fund.

Firemen and Policemen's Pension Fund (FPPF)

Uniformed fire fighters and police officers participate in the FPPF. The plan is a single-employer defined benefit retirement plan established under legal authority of state statutes and the City Charter, and is administered by a Board of Trustees (FPPF Board). Although not under the direct control of the City, the FPPF serves only City employees and, because of the scope of service, is included in the City's financial statements as a Pension Trust Fund.

Camino Real Regional Mobility Authority (CRRMA)

The CRRMA provides local leadership on transportation projects and helps address congestion problems by developing and building infrastructure to keep the El Paso region moving. The City serves as a fiscal agent providing many administrative and support services.

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El Paso Metropolitan Planning Organization (MPO)

Under federal legislation, the MPO through the Transportation Policy Board (TPB) has an expanded role in project selection and transportation project planning and programming. The City serves as the fiscal agent for the MPO providing supportive services as outlined in a mutually approved operational policy agreement between the TPB and the City of El Paso.

Internal Control Framework

Integrated within the business systems of the City are the policies and procedures over accounting and financial reporting that make up the internal control framework. The internal control framework provides reasonable assurance that the accounting systems and underlying data are reliable. There are, however, certain limitations inherent in the internal control framework. Management may choose to accept certain risks because the cost to prevent all risk is not reasonable. Management is responsible for establishing and maintaining effective internal controls. Although some level of risk within the internal control framework is unavoidable, the City's management maintains an attitude of supporting strong and effective internal controls.

Because the City receives federal and state funding, it is responsible for ensuring adequate internal controls are in place to comply with applicable laws, regulations, contracts and grants related to those programs. Each year a Single Audit Report is issued, which includes a schedule of expenditures of federal awards (SEFA), a schedule of expenditures of state awards (SESA), findings and questioned costs, if any, and the independent auditors' reports on compliance and on internal control over financial reporting. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial transactions.

Budgetary Control

The City adopts an annual budget for the General Fund, Community Development Block Grants (CDBG), Debt Service Fund, Internal Service Funds and the operations of the enterprise funds. Unexpended appropriations for these funds lapse at the fiscal year end unless reviewed and approved not to lapse by the City Manager or his designee. Special revenue funds and capital project funds are generally budgeted on a project basis that allows spending beyond the fiscal year end until the project is complete. The level of budgetary compliance is at the object level for appropriations and every City department is responsible for staying within budget constraints.

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Local Economy

El Paso is the largest metro area along the Texas-Mexico border and boasts a best-in-class, business friendly operating environment while also offering a great living experience. The region represents one of the largest manufacturing centers in North America and is recognized as globally competitive.

El Paso continues to experience positive economic growth by attracting new businesses and helping existing companies grow. The City's focus is to create new employment opportunities in 21st century industries, maintain a great quality of life and quality of place and facilitate business growth at the local and international levels.

The City's low cost of living and its thriving community makes El Paso a great place to live. There are over 300 sunny days per year, an exceptional mix of Mexican American traditions, strong bilingual workforce, affordable home acquisition and great quality of life. El Paso is part of a region that is becoming the most critical trade center along the United States and the Mexico border with several highway expansions, multi-million dollar hotel renovations and a variety of emerging industries (i.e. food production, clothing, construction materials, plastics, electronic and medical equipment) that continues to grow.

The median household income of \$51,325 within the City is a little bit higher than the county and about three quarters of the amount in the State of Texas. Twenty three percent of the City's population are foreign-born and eighty one percent of the population has a high school or higher education diploma.

The top employer in the City continues to be Fort Bliss, employing around 11,500 civilian workers as of late 2022. Fort Bliss is considered the most expansive regional military complex in the nation and the defense sector is a major economic driver.

Over the past 5-years, wages have grown on average by 2.1% in El Paso. During the same time period, inflation was roughly around 1.8%, El Pasoans' purchasing power improved. However, current inflation is running around 7.1%, causing a negative impact on El Paso households. Unemployment rate as of the end of the fiscal year was 4.6%, a reduction of 1.3% from fiscal year 2021, however, the rate remains higher than the national unemployment rate of 3.7%.

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Several years ago, City leaders implemented a strategic plan aimed at spurring growth and investment throughout the community. This strategy has built a strong foundation and continues to lead the way in our economic recovery. Since 2015, El Paso has seen tremendous private and public investment that has created jobs and opportunities for the entire City. The City Council has executed 97 performance-based incentive agreements with private industry over this period, resulting in 9,415 new jobs, 11,599 retained jobs, and \$1.29 billion in capital investment. These incentive agreements will generate an incremental new property tax revenue for the City and all other taxing entities within the city of about \$319.9 million over the next 20 years.

By supporting existing and new small, medium, and large businesses, the City of El Paso has continued to encourage innovation and growth. A new opportunity for economic development was received during the year. Schneider Electric selected El Paso as a location for a new manufacturing plant that will boost domestic manufacturing capacity. Schneider Electric is an international company specializing in energy management, security and electrical distribution and automation. Schneider Electric will invest over \$15 million into the new expansion to allow the company to manufacture complex engineered-to-order products. Schneider Electric will create 368 new full-time employment (FTE) positions and retain its existing workforce of 1,130 FTEs, making it the largest manufacturing employer in El Paso County.

The City enters into economic development agreements and tax abatements designed to promote development, redevelopment, rehabilitation and historic preservation. These efforts enhance the opportunities for the City to create new jobs, increase the tax base, generate additional sales tax, revitalize neighborhoods, and improve the overall quality of life for El Paso residents. Redevelopment incentives are available for businesses and commercial property owners throughout the city looking to redevelop, re-use or preserve vacant land or existing buildings. The City also encourages the redevelopment of existing properties or vacant infill land for use of mixed-use properties, multi-family housing and commercial/industrial.

Economic investments in historic buildings renovations have contributed about \$ 227 million over the last ten years to the urban core of our city. Historic preservation and rehabilitation have been essential to our downtown revitalization strategy; these projects directly and indirectly result in the creation of additional jobs in the City of El Paso and help stimulate commercial activity in an underdeveloped area. During the reporting year, City Council authorized two more historic renovation projects located in downtown El Paso. It is anticipated that the Kress building by Mills Plaza Properties V, LP will produce an investment of \$18.4 million and the Texas Tower by Texas Tower LLC will result in an investment of \$20 million. Lastly, Hotel Dulcinea, LLC will facilitate the redevelopment, rehabilitation, and improvement of a historic building to add a 3-star Canopy by Hilton, 120-room hotel.

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This agreement leverages the State Convention Center Hotel Program and adds to the City's inventory of downtown hotel rooms, increasing the City's ability to attract conventions to its nearby Convention Center which is an economic development strategy that increases visitor spending within our region.

As the City continues to recover from the outbreak of the COVID-19 pandemic, City leaders focus on core and essential services, finding innovative ways to deliver them by building resilience in dealing with health, financial and operational impacts. During the fiscal year, funding public safety departments and investing in streets was a key priority. There was an increase in the number of employees that was mostly seen in the police and fire departments along with opening two new police and three fire academies.

The El Paso International Airport (EPIA) saw a big increase in travelers this fiscal year after many restrictions related to COVID-19 were lifted. As the community recovers a sense of normality, many constituents are taking advantage of new routes and vacation opportunities through our local airport. On July 8, 2022, congresswoman Veronica Escobar announced that the Federal Aviation Administration (FAA) awarded \$ 5 million from the Bipartisan Infrastructure Law to EPIA to fund energy efficient technology and improve access according to the Americans with Disabilities Act (ADA) standards. This funding opportunity will save the airport an estimated 20% of terminal lightning energy cost and improve the passengers experience through accessibility and modernization of the terminal.

Long-term Financial Stability and Sustainability

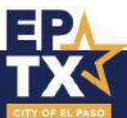
Ensuring the long-term sustainability of City finances is a key strategic policy for City management. City Council has adopted fiscal policies that require the balancing of adopted appropriations with anticipated revenues. General Fund reserves, as established by the City Charter, may be used for one-time or emergency capital procurements that would otherwise need debt financing or are specifically approved by the City Council. The operating and debt stabilization fund is also intended to assist the City with specific funds to cover the cost of emergencies and other non-budgeted expenditures as designated by the City Council.

During the fiscal year the pension stabilization fund was created. The purpose of the fund is to accumulate budgetary surplus as authorized by the City Council to assist in reducing the City's unfunded pension liabilities while sustaining and improving City's bond ratings that might result in taxpayer's savings.

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Sustainability of the City's General Fund is always the most critical issue that constrains long-term financial goals and directly affects the City's ability to carry out its strategic initiatives. In fiscal year 2022, the operating budget was funded with current revenues. At the close of the fiscal year, actual revenues had exceeded expenditures by \$46.5 million.

According to the Government Finance Officers Association (GFOA), it is recommended that at minimum general-purpose governments maintain an unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating expenditures. As of the end of the fiscal year, the general fund reported 43 days of budgetary fund balance.

Since most operating costs of the City are anticipated to increase in future budgets, balancing without the use of reserves or tax/fee increases remains a major focus. Continued effective budget planning in the short and long term will benefit the City's financial sustainability. The current year's budget was developed with the citizen in mind, funding priorities while avoiding adding an additional burden to the taxpayer in times where the community was recovering from the economic impact of the COVID-19 pandemic. The tax rate for the current year remained the same as fiscal year 2021; however, the allocation for maintenance and operations was slightly increased while the rate allocation for debt service decreased. For fiscal year 2023 the overall tax rate will decrease.

As part of the strategic plan, the City Council has adopted 30 goals that the City is currently working on to achieve by the year 2030. *The 30 by 2030* is the City's road map to fulfill our mission of delivering exceptional services to support a high quality of life and place for our community. Some of the strategic goals include:

- Expand downtown revitalization/redevelopment. As of the date of this financial report, the City has invested in seven historic projects, assisted in renovating about 300 thousand square feet of new office and retail space, assisted hotel owners in adding 995 hotel rooms and assisted in developing over 470 residential units. The downtown investments also include the continuous addition of public art to beautify the City.
- Enhance cross-border mobility experience for bridge users. The City has secure funding in the amount of \$32 million to expand bridge service capacity. The City also secured grant funding for the Ysleta Port of Entry related to pedestrian improvements in the amount of \$12 million.
- Expand the investment and beautification of street infrastructure. Investing \$10 million annually for street resurfacing projects included in the operating budget.
- Create and implement a comprehensive facility and fleet investment plan: dedicating \$7 million annually for police and fire vehicles and equipment and \$3 million for facilities and park improvements.

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- Expand investment in public safety operations. The City is diligently working on the signature projects related to the Public Safety Bond Authorization which allocated \$221.9 million to Police Department projects and \$191.2 million to Fire Department projects. As of the date of this report, major signature projects such as the Eastside Regional Command Center and the Fire Station 36 are in the construction phase.
- Complete Quality of Life Bond projects and develop signature programming. As of the end of the fiscal year, the Capital Improvement Department has completed 172 projects and is currently working on the construction of the Mexican American Cultural Center and the Children's Museum. Both projects are set up to open to the public in the summer of 2023.
- Create and implement a plan to address long-term liabilities and sustain the City's bond ratings, S&P's AA and Fitch's AA.
 - Supported by the GFOA awards for distinguished budgets (27 consecutive years) and excellence in financial reporting (22 consecutive years).
 - Supported by no financial audit findings for fiscal years 2016 - 2022.

The City of El Paso continues to receive awards and accolades that substantiate our commitment to the organizational vision. Some of the latest awards received by vision block are:

- Safe and beautiful neighborhoods
 - Texas Emergency Management Leadership Award
 - Silver Level Healthy Community Award
 - Accredited Center of Excellence (ACE)
- Recreational, Cultural and Educational Opportunities
 - City's Desert Blossom Art Piece Selected as Top 100 Public Art Pieces
- High Performing Government
 - 2022 National Government Experience Award
 - All- America City Finalist for the Fifth Consecutive Year
 - E. David Spong Lifetime Achievement Award

Financial Condition

The City's financial position remains stable as management continues to exercise conservative fiscal practices and careful evaluation of operational priorities. The City's 2022 General Fund increase in fund balance is the result of strategically planning the use of resources while ensuring budget savings in non-essential cost.

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General Fund recorded \$23 million excess of sales tax revenue over original budget and \$11.1 million of excess franchise fees. Out of this excess, \$12.7 million was utilized to continue funding the operating and debt stabilization fund, the pension stabilization fund and provide some capital for information technology and parks and recreation needs.

As part of our vision to look forward and plan for the future, new bonds were issued to support capital project initiatives and to maintain a balance between ongoing capital needs required to provide exceptional services and strategic investments that are in line with the priorities of the community. Taking advantage of favorable market conditions, the City issued General Obligation Bonds Series 2021B and Combination Tax and Revenue Certificates of Obligation Series 2021C. From this issuance, the City received \$180 million in cash that were allocated to the 2013 street infrastructure authorization, capital improvement plans for fiscal year 2017 through 2020 as well as the public safety bond projects. The capital improvement department has been working diligently on completing several projects within the year. During the fiscal year, 50 projects were completed, benefiting the overall community not only by providing street reconstruction projects, pedestrian enhancements, parks, libraries, and facilities improvements, but providing jobs that support our economy and way of living. The City estimates that capital projects have generated approximately 44,329 jobs since the year 2011 and in the fiscal year 2022 it created 6,500 new jobs supported by construction and redevelopment.

In fiscal year 2022, the City of El Paso expended nearly \$150 million in federal grants and approximately \$9 million in state grants. Grant funding is used to enhance, continue and or start programs needed in the community. Grant funds are extremely important as these funds are utilized to pay for City programs and projects that might otherwise go unfunded. Some of the programs funded by grants are helping homelessness prevention, transportation and construction efforts, quality of life programs, parks and library renovations and response to health and safety measures such as the response to the migrant crisis our community has been experiencing. Grant funding assists the City in keeping tax rates low while enhancing the quality of life for its citizens.

The humanitarian and public safety crisis resulting from the mass migration from Latin America has created a challenge for our City. We are home to 4 of the 28 international ports of entry between Texas and Mexico. When U.S. Customs and Border Protection's (CBP) Central Processing Center is over capacity and local non-governmental organization (NGO) space is unavailable, migrants are released in the downtown streets of El Paso. The El Paso City-County Office of Emergency Management (OEM) began humanitarian relief by coordinating resources and supplies, transport of migrants and COVID-19 quarantine hotel support to migrant shelters.

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The OEM requested reimbursement for resources and expenditures used in addressing the continual arrival and release of migrants through the Emergency Food and Shelter Program. Between April 2022 and August 2022 approximately 44,700 migrants were released on City streets. The City continues to work with the federal government and local allies to find a solid and humane solution to this issue.

We are confident that with all actions taken, the City will continue to maintain a strong financial condition to provide the citizens with an adequate level of service. The fiscal year 2023 Adopted Budget continues this strategic path forward to keep El Paso as one of the most financially sound cities in the country, provide the highest quality customer service for our residents and target our resources where they are needed the most.

GFOA Award

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Paso for its annual comprehensive financial report for the fiscal year ended August 31, 2021. This was the twenty fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized annual comprehensive financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. However, we believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report is made possible by the dedicated service of the employees of the Office of the Comptroller. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

The efforts of the City's component units (EPWater, EPHFC, DDC, CMD, PID, Authority, CERT, FPPF, CRRMA, MPO) and their external auditors are also appreciated. We would also like to thank the Mayor, City Council and City Leadership for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Margarita M. Muñoz – Comptroller

Office of the Comptroller | 300 N. Campbell | El Paso, TX 79901

O: (915) 212-1174 | Email: MunozMM@elpasotexas.gov



DELIVERING EXCEPTIONAL SERVICES



Office of the Comptroller

Respectfully submitted,

Handwritten signature of Tommy Gonzalez in blue ink.

Tommy Gonzalez
City Manager

Handwritten signature of Robert Cortinas in blue ink.

Robert Cortinas
Chief Financial Officer

Handwritten signature of Margarita Muñoz in blue ink.

Margarita Muñoz, CGFM
Comptroller

Margarita M. Muñoz – Comptroller

Office of the Comptroller | 300 N. Campbell | El Paso, TX 79901

O: (915) 212-1174 | Email: MunozMM@elpasotexas.gov



DELIVERING EXCEPTIONAL SERVICES



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of El Paso
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2021

Christopher P. Morill

Executive Director/CEO



CITIZENS OF EL PASO



Boards and Commissions
Regional Bodies

EL PASO CITY COUNCIL

Strategic Communications Director
Laura Cruz-Acosta
Communications Office
City Clerk
Laura Prine

City Manager
Tommy Gonzalez

Internal Auditor
Edmundo Calderon

City Attorney
Karla M. Nieman

Chief Transit and Field Operations Officer
Ellen Smyth
Environmental Services
Public Transportation
Streets and Maintenance
Coordination: Title VI

Chief Operations Officer
Sam Rodriguez
Aviation
Capital Improvement
Planning & Inspections

Senior Deputy City Manager
Tracey Jerome
Economic & International Development
Strategic Partnerships
Communications
Strategic Initiatives
International Bridges
Oversight: Destination El Paso

**Chief Financial Officer/
Deputy City Manager**
Robert Cortinas
Comptroller's Office
Tax Office
Risk Management
Managing Director
Nicole Cote
Office of Management & Budget
Purchasing & Strategic Sourcing
Managing Director
Araceli Guerra
Information Technology
Human Resources
Transformation Office

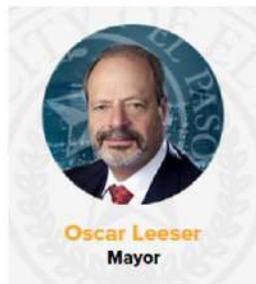
Deputy City Manager
Mario D'Agostino
911/311 Communications
Animal Services
Fire
Municipal Court
Office of Emergency Management
Public Health

Deputy City Manager
Dionne Mack
Libraries
Zoo
Community & Human Development
Military Affairs
Managing Director
Greg Allen
Police
Code Enforcement

Deputy City Manager
Dionne Mack
Libraries
Zoo
Community & Human Development
Military Affairs
Managing Director
Ben Fyffe
Museums & Cultural Affairs
Parks & Recreation

ELECTED OFFICIALS

(Holding office as of the issuance date of this report)



Oscar Leeser
Mayor



Brian Kennedy
District 1



Alessandra Anello
District 2



Cassandra Hernandez
District 3



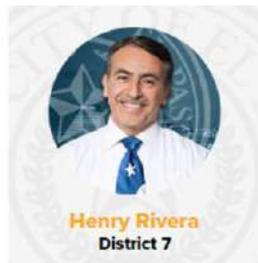
Joe Molinar
District 4



Isabel Salcido
District 5



Art Fierro
District 6



Henry Rivera
District 7



Chris Canales
District 8

CITY LEADERSHIP TEAM

(As of the issuance date of this report)



2022 Department Directors

(As of the issuance date of this report)

Airport	Sam Rodriguez
Animal Services	Terry K Kebschull
Capital Improvement Department	Sam Rodriguez
City Attorney	Karla Nieman
City Clerk	Laura Prine
Communication & Public Affairs	Laura Cruz-Acosta
Community & Human Development	Nicole Ferrini
Destination El Paso	Jose Garcia
Economic & International Development	Elizabeth Triggs
Environmental Services	Ellen Smyth
Fire Department	Jonathan Killings
Human Resources	Araceli Guerra
Information Technology	Araceli Guerra
Internal Audit	Edmundo Calderon
International Bridges	Roberto Tinajero
Libraries	Norma Martinez
Mass Transit (Sun Metro)	Ellen Smyth
Municipal Court	Lilia Worrell
Museums and Cultural Affairs	Ben Fyffe
Office of the Comptroller	Margarita Munoz
Office of Management and Budget	Nicole Cote
Parks & Recreation	Ben Fyffe
Planning & Inspection	Philip Etiwe
Police Department	Peter Pacillas (Interim)
Public Health	Hector Ocarranza (Interim)
Purchasing & Strategic Sourcing	Nicole Cote
Streets & Maintenance	Richard Bristol
Tax Office	Maria Pasillas
Zoo	Joseph Montisano

FINANCIAL SECTION





Report of Independent Auditors

The Honorable Mayor and
Members of the City Council
City of El Paso, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of El Paso, Texas (the City) as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of El Paso, Texas as of August 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of El Paso Water Utilities Public Service Board, a discretely presented component unit of the City, whose financial statements reflect 99% of the net position and 99% of the operating revenues of the aggregate discretely presented component units as of and for the year ended August 31, 2022. We also did not audit the financial statements of City of El Paso Employees Retirement Trust, a pension trust fund of the City, whose financial statements reflect 31% of the net position and 14% of the operating revenues of the aggregate remaining fund information as of and for the year ended August 31, 2022. The financial statements of El Paso Water Utilities Public Service Board and City of El Paso Employees Retirement Trust were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely upon the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of El Paso, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

During the year ended August 31, 2022, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of El Paso, Texas's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison schedules, pension schedules, and other postemployment benefits schedule as presented in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of El Paso, Texas's basic financial statements. The combining and individual fund statements and schedules (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, on our consideration of the City of El Paso, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Albuquerque, New Mexico
February 24, 2023

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2022

The Management Discussion and Analysis (MD&A) presents an overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2022. This document is designed to:

- Provide a comparison of current year to prior year and identify specific economic factors contributing to changes;
- Help users of the financial statements understand the relationship between the results reported in the government-wide financial statements for governmental activities and the results reported in the governmental fund financial statements;
- Help the reader focus on the City's financial condition as a whole, describing currently known facts, decisions or conditions expected to impact the City's financial condition and the availability of fund resources for future years; and
- Identify significant variances between the adopted budget, final budget and actual expenditures, as well as discussing the impact of these variances on future liquidity.

The MD&A should be considered in conjunction with the Letter of Transmittal as well as the City's financial statements. The information contained in the Introductory, Financial, and Statistical of the Annual Comprehensive Financial Report (ACFR) complement each other.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the Primary Government's total assets and deferred outflows exceeded its total liabilities and deferred inflows by \$585.5 million (net position). The unrestricted net position, which represents the amounts available to meet the City of El Paso's ongoing obligations to citizens and creditors was a deficit of \$395.3 million. The City is committed to providing postemployment and pension benefits to its employees. As a result, the City has recognized substantial liabilities in the financial statements for these benefits. As of August 31, 2022, the City had liabilities of \$370.2 million for postemployment and pension benefits, which has contributed to the overall deficit balance in the unrestricted net position.
- The Primary Government's total net position increased by \$234.0 million. Governmental activities increased the net position by \$162.2 million while increases from business-type activities totaled \$71.8 million.
- Total investments, restricted and unrestricted in the Primary Government, increased by \$306.7 million from fiscal year 2021. The increase is due mainly to the City issuing bonds during the year and responsibly investing the proceeds until they are used in capital projects authorized by City Council along with receipts from federal funding for COVID-19 pandemic assistance.
- The cost of the Primary Government's governmental activities was \$642.1 million, a decrease of 6.6% over the prior year.
- The City's governmental funds reported ending fund balances of \$717.3 million, an increase of \$156.9 million compared with the prior year. Approximately 6.4% of the combined fund balances, or \$45.9 million, is unassigned and available for other purposes.
- At the end of the fiscal year, unrestricted fund balance (the total of the committed and unassigned components of fund balance) for the general fund was \$123.2 million, or approximately 28.0% of total general fund expenditures.
- As the COVID-19 pandemic evolved in our community and in the country, the federal government continued assisting local governments through different legislation passed in 2020, 2021 and 2022. In

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2022

fiscal year 2022, the City received nearly \$124.0 million in federal funding from different legislated Acts in response to the recovery of the COVID-19 pandemic as follows:

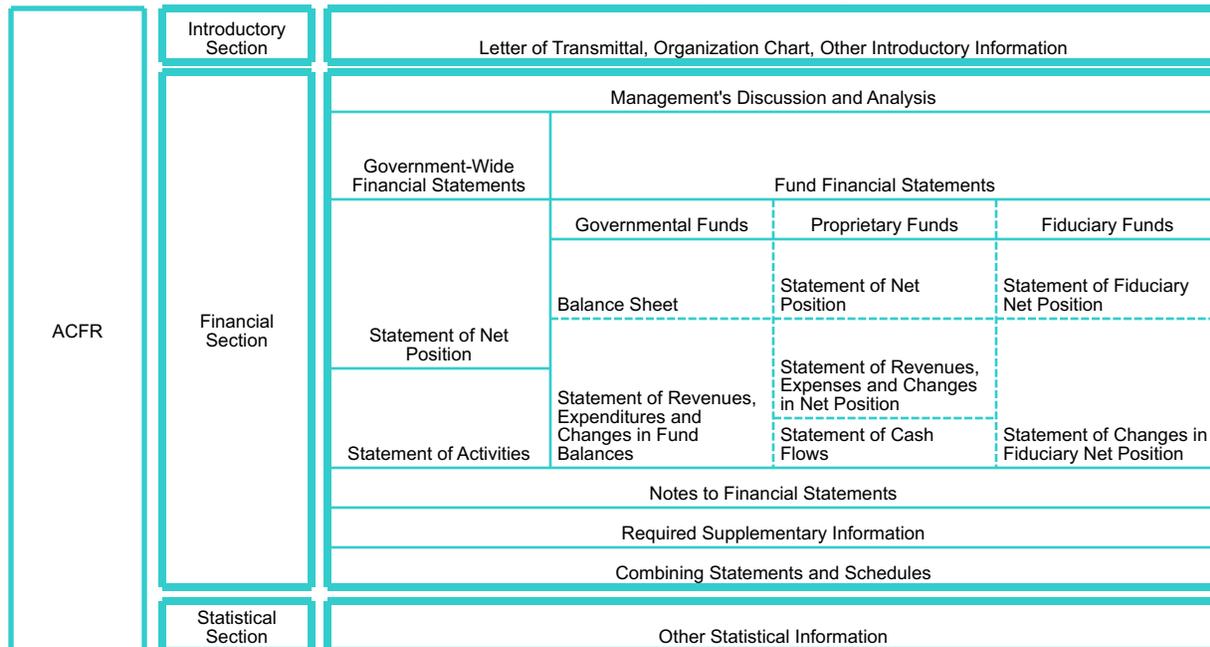
- The American Rescue Plan Act (ARPA) \$111.3 million.
- The Coronavirus Response and Relief Appropriations Act (CRRSA) approximately \$12.7 million.
- Included in the ARPA and Consolidated Appropriations Act (CAP) funding, there were two separate programs established specifically for rental and utility assistance. The ERA 1 and the ERA 2 programs provided funds for assistance to eligible households through existing or newly created rental assistance programs. The City received the full amount of \$20.6 million under the ERA 1 program in fiscal year 2021. The ERA 2 program received partial funding of 40% of the \$16.3 million in fiscal year 2021. The remaining amount of \$9.8 million for ERA 2 was received in fiscal year 2022.
- Of the nearly \$111.3 million under ARPA, \$77.1 million is reported as unearned revenue and \$46.6 million in earned revenue in the governmental funds.
- Federal agencies providing COVID-19 assistance included in the amounts above are Department of Housing and Urban Development (\$5.9 million), Federal Transit Administration (\$19.9 million), Federal Aviation Administration (\$9.0 million), the Department of the Treasury (\$87.8 million) and the Department of Health and Human Services (\$302 thousand). Some awards are on a reimbursement basis subject to allowable expenses. Expenditures in fiscal year 2022 also include funds awarded in previous fiscal years.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2022

The components of the Annual Comprehensive Financial Report are graphically illustrated below:



The basic financial statements include both government-wide and fund financial statements. These statements differ in scope, measurement focus and basis of accounting, as well as in the information provided. The following chart illustrates these differences:

	Government-Wide Statement	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the City for basic governmental services	The day-to-day operating activities of the City for business-type enterprises	Instances in which the City administers resources on behalf of others, such as property tax and pension
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources measurement focus
Type of asset, deferred outflows, liability and deferred inflows information	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter	All assets, deferred outflows, liabilities and deferred inflows both financial and capital, short-term and long-term	All assets held in a trustee or custodial capacity for others and all liabilities
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2022

The *Statement of Net Position* presents financial information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, public health, parks, library, culture and recreation and community and economic development. The business-type activities of the City include El Paso International Airport, Environmental Services, Mass Transit, International Bridges and the Tax Office.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate water utility and a legally separate housing finance corporation for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund Financial Statements

A fund is a set of self-balancing accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to essentially account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for the governmental activities in the government-wide financial statements. Because governmental fund financial statements do not encompass the additional long-term focus of the government-wide financial statement, additional information is provided that explains the relationship between them. Both, the

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2022

Governmental Funds Balance Sheet and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements. The reconciliation will help readers better understand the long-term impact of the government's near-term financing decisions.

The City maintains thirteen individual governmental fund groups. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, Community Development Block Grants Fund, Debt Service Fund, Capital Projects Fund, and the COVID-19 Relief Grants Fund, which are considered to be major funds. Data from the other eight governmental fund groups are combined into a single aggregated presentation as Nonmajor Governmental Funds. Individual fund data for each of these Nonmajor Governmental Funds is provided in the combining financial statements and schedules that follow the basic financial statements in this report.

The basic governmental fund financial statements can be found on pages 4-7.

Proprietary Funds

Proprietary funds account for services for which the City charges customers, either outside customers or internal departments of the City. Proprietary funds provide a more detailed report of the same type of information as shown in the government-wide financial statements. The City maintains two types of proprietary funds:

- o Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, mass transit, environmental services, international bridges, and tax office operations. The Tax Office fiduciary fund is combined with the Tax Office enterprise fund since the property taxes collected on behalf of the other 39 taxing entities is not held beyond 90 days.
- o Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its employee health benefits and welfare programs, risk management, fleet services, printing and mail services. As these internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary funds financial statements provide separate information for the enterprise funds (i.e., El Paso International Airport, Environmental Services, Mass Transit, International Bridges, and the Tax Office) since they are considered major funds of the City. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the Combining Statements and Schedules section of this report.

The proprietary fund financial statements can be found on pages 8-11 of this report.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2022

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The pension trust funds are used to report resources held in trust for retirees and beneficiaries covered by the police, fire and civilian pension trust fund. The custodial funds report resources, not in a trust, that are held by the City for other parties outside of City's reporting entity. The two custodial funds are the Camino Real Regional Mobility Authority (CRRMA) and the Metropolitan Planning Organization (MPO).

The fiduciary fund financial statements can be found on pages 12-13 of this report.

Notes to the Financial Statements

The notes are an integral part of the financial statements and provide additional information that is essential to a full understanding and fair presentation of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-111 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information of the City's governmental funds budgetary comparison schedules and the progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 112-129.

The combining statements referred to earlier in connection with the debt service fund and all nonmajor governmental funds, internal service funds, pension trust funds, and custodial funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 130-145 of this report.

Statistics

The statistical section provides data on financial trends, revenue, debt capacity, demographic and economic data, and operating information. The statistical section can be found on pages 146-171 of this report.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2022

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Comparative information for the current and preceding year is presented below:

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and Other Assets	\$ 1,012,524,007	\$ 797,198,781	\$ 525,893,751	\$ 299,241,256	\$ 1,538,417,758	\$ 1,096,441,037
Capital Assets	1,499,610,757	1,437,298,814	584,443,781	585,992,393	2,084,054,538	2,023,291,207
Total Assets	2,512,134,764	2,234,497,595	1,110,337,532	885,233,649	3,622,472,296	3,119,732,244
Deferred Outflows of Resources	139,423,315	133,778,659	15,490,181	17,670,197	154,913,496	151,448,856
Total Assets and Deferred Outflows	2,651,558,079	2,368,276,254	1,125,827,713	902,903,846	3,777,385,792	3,271,181,100
Liabilities						
Other Liabilities	292,304,656	229,418,083	121,550,604	113,397,747	413,855,260	342,815,830
Long-term Liabilities	2,051,451,274	2,179,611,086	193,502,053	251,009,687	2,244,953,327	2,430,620,773
Total Liabilities	2,343,755,930	2,409,029,169	315,052,657	364,407,434	2,658,808,587	2,773,436,603
Deferred Inflows	323,297,436	136,972,244	209,784,336	9,286,084	533,081,772	146,258,328
Total Liabilities and Deferred Inflows	2,667,053,366	2,546,001,413	524,836,993	373,693,518	3,191,890,359	2,919,694,931
Net Position (Deficit)						
Net Investment in Capital Assets	347,659,026	336,158,823	457,903,988	448,511,221	805,563,014	784,670,044
Restricted	153,089,966	150,448,935	22,109,340	19,494,720	175,199,306	169,943,655
Unrestricted (Deficit)	(516,244,279)	(664,332,917)	120,977,392	61,204,387	(395,266,887)	(603,128,530)
Total Net Position (Deficit)	\$ (15,495,287)	\$ (177,725,159)	\$ 600,990,720	\$ 529,210,328	\$ 585,495,433	\$ 351,485,169

Analysis of the City's Assets and Liabilities

Total assets increased by \$502.7 million from the prior year mainly due to an increase in investments of \$306.7 million and an addition of a lease receivable of \$179.9 million due to the implementation of GASB Statement No. 87.

Total liabilities decreased by \$114.6 million from the previous year mainly due to a decrease in net pension liability and OPEB by \$283.5 million offset by an increase in bond obligations of \$119.2 million and unearned revenue of \$42.3 million.

Analysis of the City's Net Position

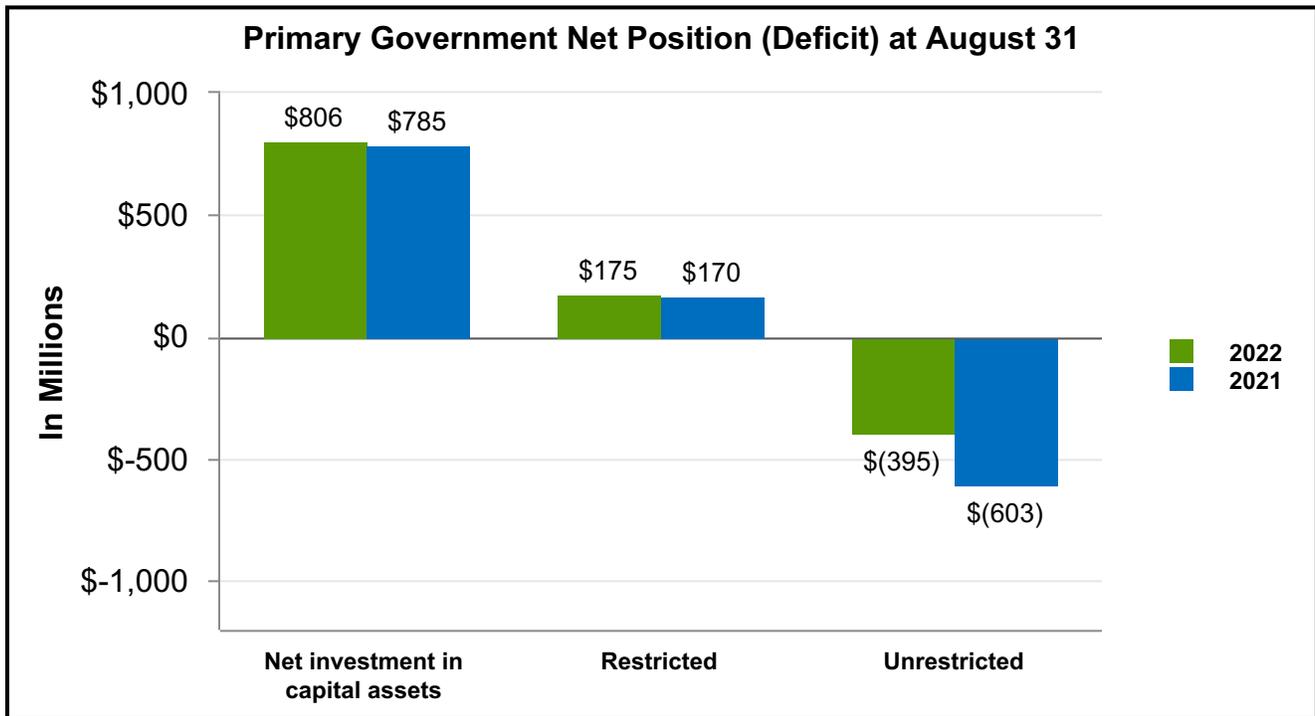
The net position may serve over time as a useful indicator of a government's financial position. For fiscal year 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$585.5 million. The largest portion of the City's net position, \$805.6 million, reflects its investment in capital assets (e.g. land, buildings, equipment, improvements, construction in progress and infrastructure), less any outstanding debt net of unspent bond proceeds used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$175.2 million, represents resources that are subject to external restrictions on how they may be used. This restricted net position is held for debt service, amounts restricted by other funding agencies, as well as cash reserves required by the City Charter and bond covenants.

CITY OF EL PASO, TEXAS
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As of the end of the current year, the City's unrestricted net position had a \$395.3 million deficit balance. This deficit was caused primarily by long-term commitments that exceed its related assets, associated largely to pension and OPEB obligations.

Unrestricted net position in business-type activities increased a total of \$59.8 million from the prior year, increasing the surplus to \$121.0 million. This increase is mainly due to Mass Transit's operational savings along with an excess in projected sales tax revenues.



The overall net position increased \$234.0 million from the prior fiscal year. The reasons for this increase are discussed in the following sections for governmental activities and business-type activities.

Analysis of the City’s Operations

The following table provides a summary of the City’s activities for the years ended August 31, 2022 and 2021. The City's net position increased by \$162.2 million from governmental activities and \$71.8 million from business-type activities.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2022

Condensed Schedule of Changes in Net Position

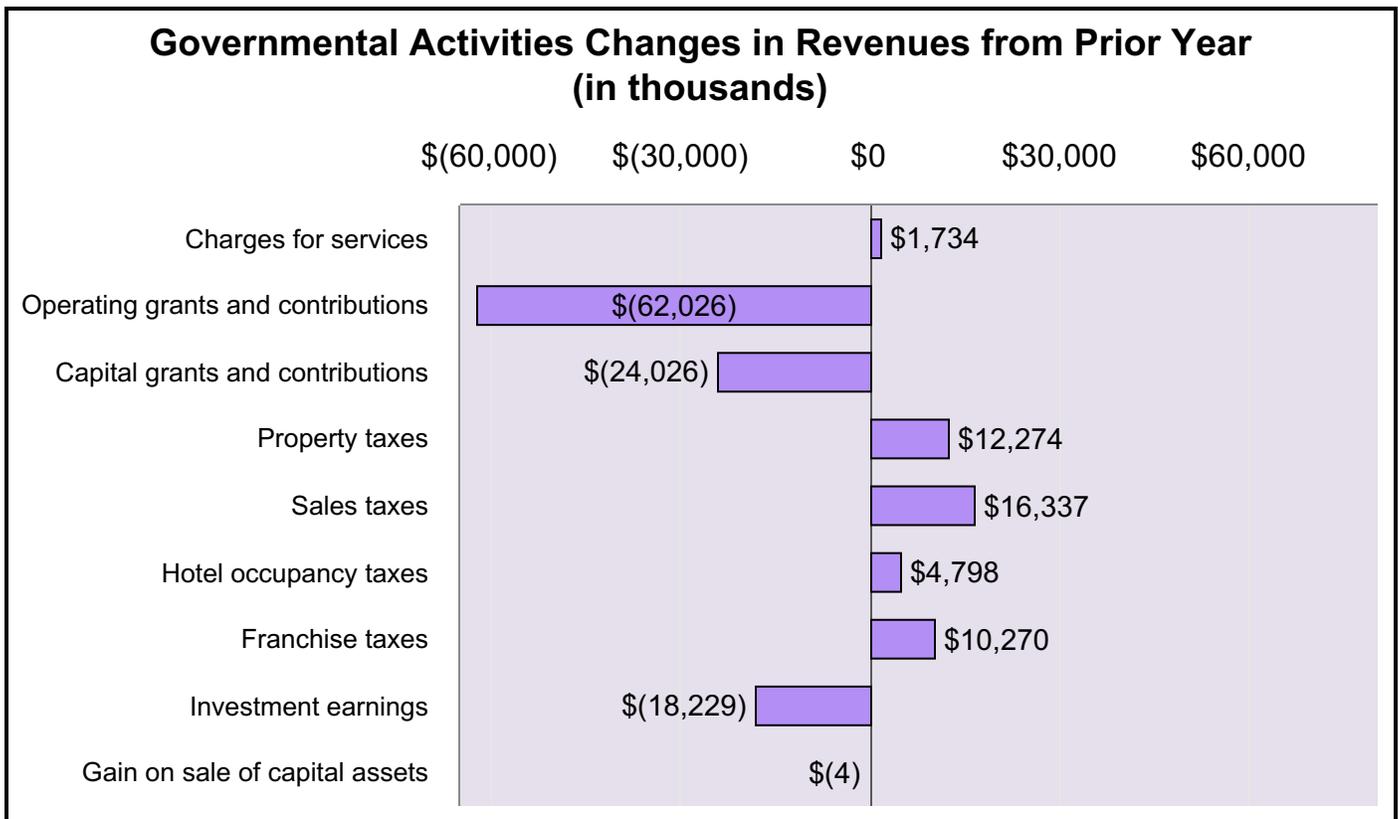
For the Year Ended August 31,

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services	\$104,398,306	\$ 102,664,274	\$ 158,700,919	\$ 144,449,658	\$ 263,099,225	\$ 247,113,932
Operating Grants and Contributions	88,545,829	150,571,837	23,595,235	35,248,952	112,141,064	185,820,789
Capital Grants and Contributions	9,433,180	33,459,616	40,721,264	15,166,100	50,154,444	48,625,716
General Revenues:						
Property Taxes	355,708,990	343,435,074	—	—	355,708,990	343,435,074
Sales Taxes	130,515,883	114,178,931	62,500,961	55,001,787	193,016,844	169,180,718
Hotel Occupancy Taxes	17,929,931	13,132,233	—	—	17,929,931	13,132,233
Franchise Taxes	81,030,858	70,760,604	—	—	81,030,858	70,760,604
Investment Earnings (Losses)	(17,555,611)	673,692	(913,975)	160,407	(18,469,586)	834,099
Gain on Sale of Capital Assets	2,701	6,900	313,946	6,645,642	316,647	6,652,542
Total Revenues	770,010,067	828,883,161	284,918,350	256,672,546	1,054,928,417	1,085,555,707
Expenses						
Governmental Activities:						
General Government	66,715,406	70,369,798	—	—	66,715,406	70,369,798
Public Safety	261,182,070	303,382,283	—	—	261,182,070	303,382,283
Public Works	90,220,966	78,982,444	—	—	90,220,966	78,982,444
Public Health	34,512,832	30,714,066	—	—	34,512,832	30,714,066
Culture and Recreation	77,731,919	66,077,729	—	—	77,731,919	66,077,729
Community and Economic Development	54,901,514	84,996,653	—	—	54,901,514	84,996,653
Interest on Long-term Debt	56,870,614	52,889,844	—	—	56,870,614	52,889,844
Business-Type Activities:						
El Paso International Airport	—	—	57,868,145	57,286,940	57,868,145	57,286,940
Environmental Services	—	—	37,658,000	43,414,609	37,658,000	43,414,609
Mass Transit	—	—	73,355,170	73,942,270	73,355,170	73,942,270
International Bridges	—	—	7,639,240	6,756,399	7,639,240	6,756,399
Tax Office	—	—	2,262,277	2,113,309	2,262,277	2,113,309
Total Expenses	642,135,321	687,412,817	178,782,832	183,513,527	820,918,153	870,926,344
Excess Before Transfers	127,874,746	141,470,344	106,135,518	73,159,019	234,010,264	214,629,363
Transfers	34,355,126	29,761,814	(34,355,126)	(29,761,814)	—	—
Increase in Net Position	162,229,872	171,232,158	71,780,392	43,397,205	234,010,264	214,629,363
Net Position (Deficit) - Beginning	(177,725,159)	(348,957,317)	529,210,328	485,813,123	351,485,169	136,855,806
Net Position (Deficit) - Ending	\$(15,495,287)	\$(177,725,159)	\$600,990,720	\$529,210,328	\$585,495,433	\$351,485,169

Program Revenues and Expenses – Governmental Activities

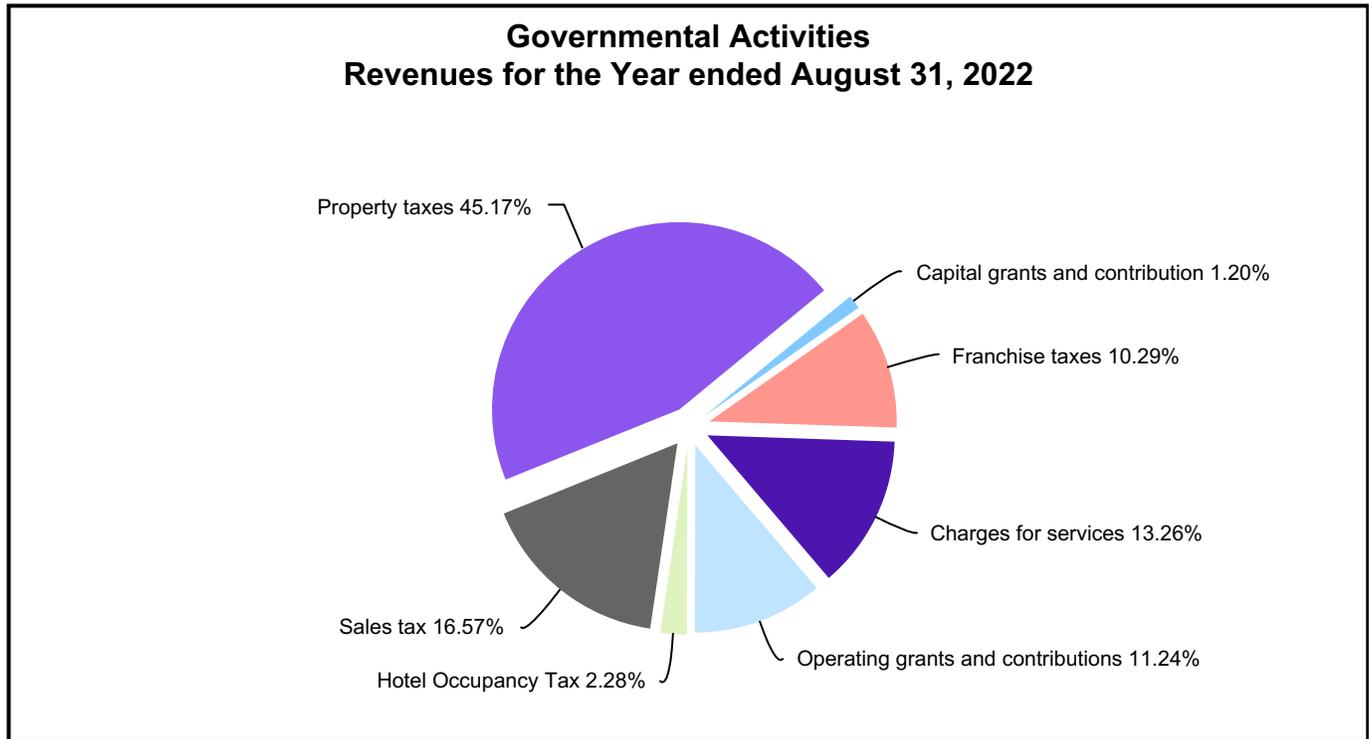
Governmental activities cover a range of typical City services and are directly supported by charges for these services, grants and contributions. In general, revenues generated by charges for services are inadequate to support the cost of the services with public safety creating the greatest burden on the taxpayer. Consequently, general revenues cover any net expense after program-specific revenues are applied. These general revenues include taxes, investment earnings and gains on sales of capital assets.

The following chart shows the change in governmental activities’ revenues from the previous year.



**CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
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Revenues for governmental activities totaled \$770.0 million, a decrease of \$58.9 million or 7.1% from 2021.

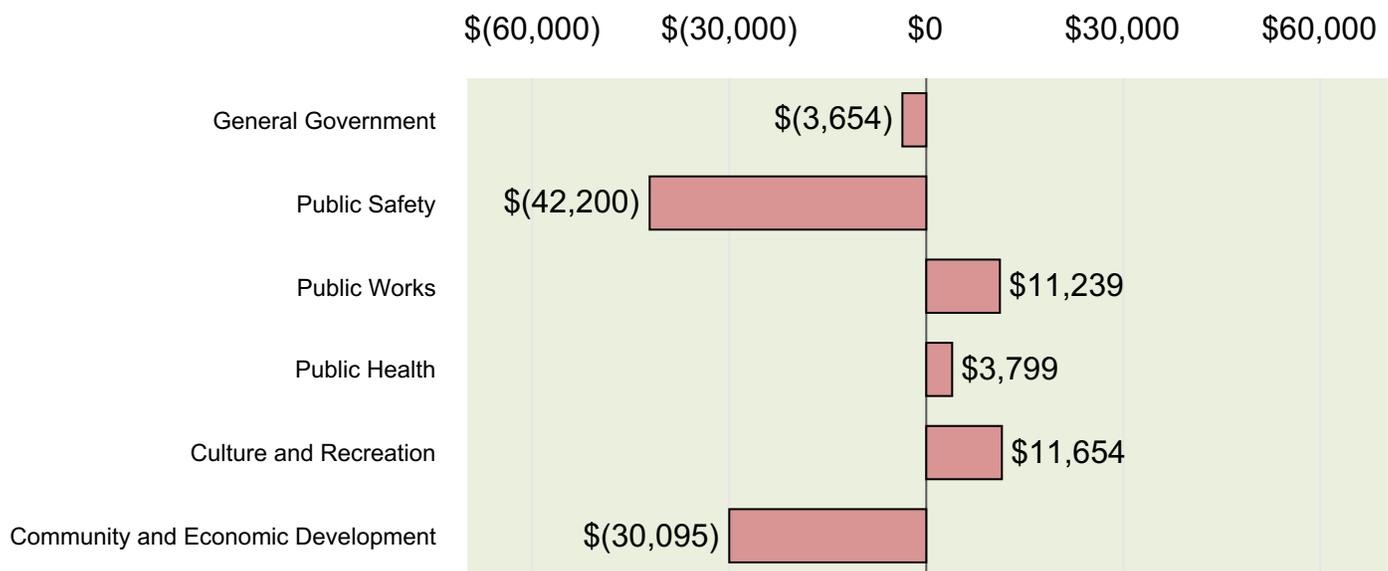


The total ad valorem taxable valuation increased 4.4% while the overall tax rate remained the same from 2021, resulting in an ad valorem property tax revenue increase of \$12.3 million or 3.6%. This is due to increased property values combined with additional properties added to the tax roll. Sales taxes increased by \$16.3 million or 14.3% mainly due to a robust increase in inflation across many products and commodities that resulted in price increases. Franchise taxes increased \$10.3 million or 14.5%, due to an increase in El Paso Electric rates along with increased consumption for all utilities. Operating/capital grants and contributions decreased \$86.1 million or 46.8% from fiscal year 2021 due to COVID-19 relief funding received in the prior fiscal year.

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2022

The following chart shows changes in governmental activities’ expenses from fiscal year 2021 to fiscal year 2022.

Governmental Activities Change in Expenditures from Prior Year
(in thousands)



The cost of governmental programs and services was \$642.1 million, a decrease of \$45.3 million (6.6%) from 2021. This decrease is mainly due to reductions in COVID-19 pandemic related spending and the City's unfunded pension liability.

Revenues and Expenses – Business-Type Activities

- Operating revenues for the Business-Type activities for fiscal year ended August 31, 2022 were \$13.5 million higher in comparison to fiscal year 2021. The increase was caused by charges of rentals and fees, charges of tolls and charges of fares and fees related to the increase in users of services after the COVID-19 pandemic restrictions were lifted.
- Operating expenses, excluding depreciation, decreased by \$3.3 million or 2.5%. The decrease in operating expenses is primarily due to the decrease in personnel services of \$5.4 million and an increase in fuel and lubricants of \$1.8 million.
- Nonoperating revenues and expenses had an overall decrease of \$10.1 million mainly due to an increase in sales tax of \$7.5 million and a decrease in sale of capital assets of \$5.9 million and other revenue of \$11.7 million. There was an overall increase in capital grants and contribution of \$25.6 million in comparison to the prior year. Contributing to this increase was the American Rescue Plan (ARP) grant received directly by Mass Transit dedicated to operating assistance.

El Paso International Airport

This fund accounts for the operations of the El Paso International Airport, industrial parks, and two golf courses located on Airport property.

**CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Operating revenues increased by \$8.6 million to \$49.3 million due to the easing of travel restrictions and public concerns regarding travel.

Operating expenses had a minor increase of \$768.5 thousand from fiscal year 2021.

Environmental Services

This fund accounts for the solid waste collection and disposal activities of the City.

Operating revenues had a minor increase of \$766.3 thousand from fiscal year 2021.

Operating expenses decreased by \$5.7 million mainly due to a reduction in personnel services of \$2.6 million related to net pension liability. There was also a decrease in other operating expenses of \$3.6 million primarily caused by an adjustment to claims and judgements liability and allowance for doubtful accounts.

Mass Transit

Mass Transit's operating revenues increased \$1.4 million from fiscal year 2021. This is due to an increase of \$1.4 million in charges of fares and fees due to the elimination of free ridership that was established during the COVID-19 pandemic in the prior fiscal year.

Operating expenses had a minor decrease of \$552.1 thousand from fiscal year 2021.

Mass Transit's overall nonoperating revenues decreased by \$5.0 million. The net decrease is caused by an increase in sales tax of \$7.5 million and a decrease of \$13.1 million in subsidy related to the COVID-19 pandemic.

Capital contributions increased by \$21.6 million in comparison to prior year. This increase was caused by Mass Transit receiving an ARP grant to assist with operations.

International Bridges

This fund represents activity related to the City's International Bridges.

Operating revenues increased \$2.6 million from fiscal year 2021 due to a \$2.6 million increase in charges for tolls. Vehicular and commercial traffic increased by 13.7% while pedestrian crossings increased 42.0% from the prior year.

Operating expenses had a minor increase of \$896.4 thousand from fiscal year 2021.

Transfers out increased by \$2.1 million due to an increase in available cash to transfer to the General Fund in accordance with the fiscal year 2022 Budget Resolution item No. 42.

Tax Office

This fund represents activity related to the operations of the Tax Office as it pertains to the 39 taxing entities managed through this office, including the City of El Paso.

CITY OF EL PASO, TEXAS
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Operating revenues and expenses remained stable from the previous year with a slight increase of \$142.2 thousand in general revenues and a slight increase of \$115.3 thousand in operating expenses.

FINANCIAL ANALYSIS OF THE FUND LEVEL STATEMENTS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

On August 31, 2022, the City's governmental funds reported combined fund balances of \$717.3 million, an increase of \$156.9 million in comparison with fiscal year 2021. Of this amount, \$45.9 million or 6.4%, constitutes unassigned fund balance. The remainder of the fund balance is either non-spendable, restricted, or committed to indicate that it is (1) not in spendable form, \$5.5 million; (2) restricted for particular purposes, \$493.3 million; (3) committed or assigned for particular purposes, \$172.6 million.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$50.8 million, while the total fund balance increased to \$150.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 11.5% of total general fund expenditures, while total fund balance represents 34.2% of that same amount.

The fund balance of the City's General Fund increased by \$46.5 million during the current fiscal year. The increase is \$14.6 million more in comparison to the increase in fiscal year 2021 of \$31.9 million.

The primary variances between both years are due to increases in property tax revenues of \$11.2 million due to increased property values combined with additional properties added to the tax roll and sales tax revenue of \$16.4 million due to inflation resulting in price increases. Expenditures in the general fund increased mainly due to wages and benefits of approximately \$11.0 million due to salary increases and filling outstanding personnel vacancies.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Community Development Block Grants Fund

The Community Development Block Grants fund is a Special Revenue fund designated as a major fund for reporting purposes. These activities are funded by the U.S. Department of Housing and Urban Development (HUD). Program revenues of the revolving loan funds (RLF) were initially funded by HUD. Recognition of these revenues is dependent upon the City expending these funds in accordance with the entitlement grants and is earned as expended. Expenditures decreased \$316.9 thousand from fiscal year 2021 to \$8.4 million. The City utilized \$12.4 million in program revenues in fiscal year 2022.

Debt Service Fund

The Debt Service fund had a decrease in fund balance during the current year of \$7.7 million to bring the year end fund balance to \$11.9 million. Fund balance was used to cover debt service payments for the Certificates of Obligation bonds 2021C and General Obligation bonds 2021B that were issued during the year and not originally included in the fiscal year 2022 budget.

The City's debt management policy establishes a minimum and a maximum fund balance for a fiscal year. The minimum fund balance should remain in excess of the debt service portion of the largest taxpayer's tax levy for the ensuing fiscal year. The maximum fund balance should be three months of the annual debt service budget. At the end of the fiscal year, the largest taxpayer's levy was \$1.4 million and three months of the fiscal year 2022 budget was \$27.1 million. The ending fund balance was \$11.9 million, which is between the minimum and maximum limits.

Capital Projects Fund

The City's capital projects are adopted creating a project-length budget. The Capital Projects fund had a \$92.4 million increase in fund balance during the current fiscal year which put the overall fund balance at \$419.6 million. The increase in fund balance was caused by the issuance of new debt in the current fiscal year for the public safety authorization as well as the approved capital plan authorizations.

Capital Project fund expenditures totaled \$119.5 million for the current fiscal year.

COVID-19 Relief Grants Fund

During fiscal year 2022, the City Council approved a plan for distributing the \$154.3 million of the Coronavirus State & Local Recovery Funds (CSLFRF) as follows: Public Health and Safety Response & Recovery \$128.3 million, Community Response and Recovery Programs \$12.0 million, and Economic Response and Recovery Programs \$14.0 million. As of August 31, 2022, the City has utilized \$37.8 million of the ARPA's CSLFRF.

The City received the following funds during fiscal year 2022 in continuation of COVID-19 pandemic assistance from the federal government:

- Emergency Rental Assistance 2 in the amount of \$16.2 million of which only \$399 thousand remained unspent at the end of the fiscal year.
- Coronavirus State and Local Fiscal Recovery of \$154.3 million of which \$116.4 million remained unspent at the end of the fiscal year.

Nonmajor Governmental Funds

The Nonmajor Governmental funds had a \$25.2 million increase in fund balance during the current fiscal year which put the overall fund balance at \$128.5 million. The increase was primarily due to increases in hotel occupancy tax of \$3.4 million, charges for services of \$3.1 million, franchise fees of \$2.3 million rental vehicle tax of \$1.3 million, lease revenue of \$6.4 million along with the net effect of transfers in and transfers out of \$5.9 million.

Federal Grants

Funding for these activities is program specific and is provided by the U.S. Congress. Expenditures totaled approximately \$6.0 million primarily from programs relating to public safety.

State Grant

Expenditures for these activities are program specific and are provided by state agencies or departments. Expenditures totaled \$9.8 million primarily from programs relating to public safety and parks and recreation.

Public Health Grants

Expenditures for preventative healthcare and nutrition programs were \$11.6 million. Grant funding from the state provided \$1.4 million while federal grant proceeds were \$10.2 million.

Public Health Waiver Program

Medicaid waiver expenditures totaled \$2.9 million in fiscal year 2022 and were covered by the Medicaid funding in the amount of \$3.0 million.

Destination El Paso

Destination El Paso had revenues and transfers in totaling \$15.0 million for fiscal year 2022 and program expenditures of \$14.5 million.

Economic Development

Economic Development had revenues and transfers in totaling \$21.1 million and program expenditures of \$10.1 million for fiscal year 2022.

Nongrants

Funding for these activities come from a variety of sources including property taxes, sales taxes, fines and forfeitures and charges for services. Generally, funding for these activities occurs over several fiscal years and expenditures are made as accumulated funding allows. Revenues and other financing sources totaled \$77.4 million and expenditures and a transfers in/out were \$62.9 million, resulting in a \$14.4 million increase in fund balance from fiscal year 2021. The ending restricted and committed fund balance as of August 31, 2022 was \$55.0 million as stated below:

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2022

Fund Balances:	Total
Capital Projects	\$ 1,042,320
Community Development	4,852,899
Economic Development	12,079,022
Environmental Fee	4,578,171
Library	785,218
Mayor and Council	972,946
Municipal Court	3,789,078
Parks	3,430,538
PEG	7,697,809
Police	6,038,047
Public Works	9,700,693
Total	<u><u>\$ 54,966,741</u></u>

Proprietary Funds

The City’s proprietary fund statements provide the same type of information for enterprise funds found in the business-type activities portion of the government-wide financial statements, but in more detail.

These funds had net position increases (decreases) as follows:

Enterprise Funds	2022	2021
El Paso International Airport	\$ 10,524,657	\$ 2,537,050
Environmental Services	14,673,313	10,126,493
Mass Transit	42,499,183	26,310,293
International Bridges	4,010,631	4,743,560
Tax Office	72,608	(320,191)
Net Position Increase	<u><u>\$ 71,780,392</u></u>	<u><u>\$ 43,397,205</u></u>

The increase in net position is discussed above in the program revenues and expenses for the business-type activities section.

GENERAL FUND BUDGETARY HIGHLIGHTS

Under the City Charter, the overall tax rate is \$1.85 per \$100 in taxable value. For fiscal year 2022, the General Fund property tax rate related to maintenance and operations decreased by \$0.002211, causing the tax rate to decrease to \$0.621636 per \$100 in taxable value. The taxable assessed valuation of real and personal property increased approximately 4.4% from 2021.

Original budget compared to final budget. As per the budget resolution for fiscal year 2022, all non-expended appropriations in the general fund shall lapse at the end of fiscal year 2022, unless reviewed and approved not to lapse by the City Manager or his designee. A budget increase of \$1.97 million was authorized not to lapse in order to provide funding for internal capital projects dedicated to information technology equipment and parks and recreation needs.

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
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There was an additional budget increase approved by City Council in the amount of \$10.7 million to allow for transfers of surplus revenue to the operating and debt stabilization fund as well as the pension stabilization fund.

Final budget compared to actual results. The City took conservative budgeting methods for the current fiscal year to be in line with the uncertainty in the revenue performance. However, the current revenues outperformed the estimated revenues resulting in a positive variance as presented in the following table:

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Sales Taxes	\$ 107,561,044	\$ 130,484,429	\$ 22,923,385
Franchise Fees	49,750,000	60,832,018	11,082,018
Licenses and Permits	12,743,122	13,753,054	1,009,932
Fines and Forfeitures	5,653,301	7,540,489	1,887,188
Charges for Services	25,595,317	30,467,689	4,872,372

A review of actual expenditures compared to the appropriations in the final budget shows an overall variance of 98.4% with savings in the amount \$7.8 million. The most significant savings was at the public safety and community services function in the amount of \$10.8 million.

CAPITAL ASSETS

The City’s investment in capital assets for its governmental and business-type activities as of August 31, 2022 amounts to \$2.1 billion (net of accumulated depreciation). This investment in capital assets includes land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure, right-to-use asset and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the government’s capitalization threshold of \$5,000 or more. The total increase in capital assets for the current fiscal year was 3.0%.

The schedule below presents governmental and business-type assets net of depreciation, as reported in the government-wide statements.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 223,939,144	\$ 222,512,393	\$ 22,488,597	\$ 22,488,597	\$ 246,427,741	\$ 245,000,990
Artwork	—	—	979,637	979,637	979,637	979,637
Construction in Progress	380,745,712	317,887,198	38,088,435	22,673,350	418,834,147	340,560,548
Intangibles	2,563,008	2,472,868	—	—	2,563,008	2,472,868
Buildings	315,187,462	318,316,404	177,217,330	185,611,232	492,404,792	503,927,636
Improvements other than Buildings	132,900,400	126,170,043	249,193,671	260,264,803	382,094,071	386,434,846
Right-to-use Asset	10,040,719	—	4,007,548	—	14,048,267	—
Vehicles and Major Equipment	44,690,389	52,598,771	92,468,563	93,974,774	137,158,952	146,573,545
Data Processing Equipment and Software	13,111,839	14,714,373	—	—	13,111,839	14,714,373
Infrastructure	376,432,084	382,626,764	—	—	376,432,084	382,626,764
Total	\$ 1,499,610,757	\$ 1,437,298,814	\$ 584,443,781	\$ 585,992,393	\$ 2,084,054,538	\$ 2,023,291,207

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
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This year's net capital asset increases included:

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,426,751	\$ —	\$ 1,426,751
Intangibles	748,312	—	748,312
Buildings	19,913,342	2,528,686	22,442,028
Infrastructure/Improvements	22,995,118	7,602,131	30,597,249
Right-to-use Asset	11,382,302	4,243,015	15,625,317
Vehicles and Equipment	5,315,736	12,860,524	18,176,260
Total	<u>\$ 61,781,561</u>	<u>\$ 27,234,356</u>	<u>\$ 89,015,917</u>

Major capital projects completed during the current fiscal year include the following:

- COVID Laboratory
- Chamizal Community Center Park
- Riverside Park Improvements
- Seville Recreation Improvements
- Sport Field Lighting
- Street Median Parkway and Landscaping
- Police Headquarters Parking Garage Improvements
- New Haven Street Reconstruction
- James Street Reconstruction
- Rich Beem Street Lighting
- Brian Ray Street Reconstruction
- Chamizal Pedestrian Enhancements Phase II
- Davis Bridge Reconstruction
- Fire Station 5 and 37 Exhaust System
- Aztec and Mescalero Traffic Circle
- Travis White Park Improvements
- Terramar Street Reconstruction
- Student Memorial Park Improvements
- Aircraft Rescue and Fire Fighting Remodel

Additional information on the City of El Paso's capital assets can be found in Note 5 of this report.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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DEBT ADMINISTRATION

At the end of the fiscal year, the City had total debt payable of \$2.3 billion. Of this amount, \$1.5 billion is debt backed by the full faith and credit of the government. Revenue bonds of \$37.1 million and enterprise share of General Obligation and Certificates of Obligation bonds in the amount of \$89.2 million are secured solely by fees for services. Special Revenue bonds of \$62.5 million are secured by fees and a portion of sales tax revenue at the Downtown Ballpark Venue and subsidized by the General Fund as needed.

City of El Paso's Outstanding Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 961,525,000	\$ 925,585,336	\$ 34,330,000	\$ 36,549,663	\$ 995,855,000	\$ 962,134,999
Certificates of Obligation	490,980,000	423,478,420	54,840,000	57,661,581	545,820,000	481,140,001
Special Revenue Bonds	61,810,000	62,480,000	37,050,000	41,545,000	98,860,000	104,025,000
Special Revenue Bond - Direct Placement	655,000	655,000	—	—	655,000	655,000
Unamortized Premium (Discount), Net	141,832,894	131,506,763	6,964,674	8,394,471	148,797,568	139,901,234
Notes Payable - Direct Borrowing	1,050,000	1,560,000	—	—	1,050,000	1,560,000
Lease Obligations	10,192,703	—	4,067,323	—	14,260,026	—
Chapter 380 Agreement Obligations	48,399,964	49,399,964	—	—	48,399,964	49,399,964
Compensated Absences	69,349,368	68,182,310	6,055,637	5,609,102	75,405,005	73,791,412
Landfill Closure and Post-Closure	—	—	15,704,588	16,576,037	15,704,588	16,576,037
Claims and Judgments	23,551,186	20,305,330	1,070,305	1,689,592	24,621,491	21,994,922
Net Pension Liability	230,786,247	428,864,563	19,110,264	56,392,376	249,896,511	485,256,939
Total OPEB Liability	91,574,455	128,205,403	28,725,397	40,210,759	120,299,852	168,416,162
Total	\$ 2,131,706,817	\$ 2,240,223,089	\$ 207,918,188	\$ 264,628,581	\$ 2,339,625,005	\$ 2,504,851,670

The City's total long-term liabilities decreased by \$165.2 million (6.6%) during the current fiscal year. The overall decrease was a combination of increases in long-term bonded debt paired with decreases in employee benefits related liabilities as follow:

- During the current year the City issued new debt for public safety projects and projects in capital improvement plans in the amount of \$157.5 million.
- Implementation of GASB Statement No. 87 caused a net increase of \$14.3 million.
- Increases were offset by the decrease in net pension liability and OPEB and the related inflows and outflows due to the change in actuarial valuation assumptions.

The City's General Obligation, Revenue Bonds, and Certificate of Obligations ratings are listed below:

CITY OF EL PASO, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
August 31, 2022

	Standard & Poor’s	Fitch Ratings
General Obligation Bonds	AA	AA
Certificates of Obligation	AA	AA
Special Revenue Bonds	AA-	AA-
Revenue Bonds, Series 2018 - El Paso International Airport	A+	A
Revenue Refunding Bonds, Series 2020 - El Paso International Airport	A+	A

Authorizations remain partially unissued from the 2012 and 2019 bond elections. To the extent premium was allocated against voted authorizations, the amount referenced below includes such premiums.

Authorized but Unissued Debt
August 31, 2022

	Voted Bonds	Issued Prior Years	Issued FY 2022	Unissued Balance
<u>Election November 6, 2012</u>				
Park, Recreation, Open Space and Zoo Improvements (Prop 1)	\$ 245,000,000	\$ 245,000,000	\$ —	\$ —
Museum, Cultural, Multi-Purpose Performing Arts and Entertainment, and Library Facilities Improvements (Prop 2)	228,250,000	99,794,364	—	128,455,636
Remaining	473,250,000	344,794,364	—	128,455,636
<u>Election November 5, 2019</u>				
Public Safety	413,122,650	83,297,000	84,000,000	245,825,650
Total Authorized/Unissued Debt	<u>\$ 886,372,650</u>	<u>\$ 428,091,364</u>	<u>\$ 84,000,000</u>	<u>\$ 374,281,286</u>

Additional information on the City of El Paso’s long-term debt can be found in Note 8 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the City of El Paso and were considered in developing the 2022-2023 fiscal year budget:

- The property tax rate will decrease 4.9% in next year's budget from \$0.907301 to \$0.862398 per \$100 of taxable value.
- The budget will raise more total property taxes than last year's budget by \$27.1 million or 7.7%. Included in the increase is \$4.4 million in tax revenue from property added to the tax roll this year.
- The budget maintains the \$5,000 homestead exemption and the \$42,500 exemption for seniors and disabled homeowners that the City increased by \$2,500 last year. The savings in the Over 65/ Disabled exemption decreased taxes for the seniors and disabled by giving them an improved exemption status of an additional \$2,500 benefiting 52,000 homesteads in the City of El Paso.
- The focus of the budget will be public safety, streets and workforce.
- Sales tax revenues are expected to grow in the following year by \$6.8 million as consumers return to stores and restaurants.
- The franchise revenue growth has stabilized and fiscal year 2023 budget assumes a growth rate of 14%, or \$6.9 million of additional revenue.

CITY OF EL PASO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2022

- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$50.8 million. From this balance, the City appropriated \$2.5 million to the operating and debt stabilization fund from fiscal year 2022 surplus. The operating and debt stabilization fund serves as a source of financial support for the City's budget in times of slow or declining revenue growth.
- At the end of the current fiscal year, the pension stabilization fund balance was \$22.2 million.
- Fixed costs and contracts are expected to increase next fiscal year such as information technology, janitorial, security, November election, appraisal services and utilities.
- The commitment to public safety is a high priority with an additional investment of \$15.1 million for collective bargaining costs, two police academies, two fire academies, 911 communication staffing, continued commitment in the Crisis Intervention Team, public safety capital replacement, and staffing for support of the Body Worn Camera Program.
- Infrastructure investment includes residential street resurfacing, intersection safety and Neighborhood Traffic Management Plan projects, traffic safety program, neighborhood traffic mitigation program, median maintenance and street striping and light program.
- The budget includes workforce investments in compensation, healthcare, wellness, training and education. The budget also includes compensation increases to recruit and retain top performers, a \$0.75 per hour wage increase for all civilian employees, minimum wage increased to \$11.86, provide lump-sum payments of \$175 or \$250 based on performance evaluation rating, increase service time pay increases percentages (every five years of service) to compensate long-term employees, and no healthcare cost increase for employees as well as the the ShapeItUp! wellness program - up to \$1,800 annually.
- Includes operating costs for bond projects - the new Children's Museum, Penguin and Komodo Dragon exhibits at the Zoo, and the Joey Barraza and Vino Regional Park.
- In fiscal year 2023 the El Paso Streetcar will increase operating hours from 21 to 40 hours per week, invest in the replacement of ten fixed route buses, ten paratransit vehicles, and new equipment funding for parking management systems at the Sun Metro parking garages.
- The Montana Brio went into operation in November 2022 which provides service from the Upper East Side Transit Center to the Five Points Transit Center.
- Environmental Services is increasing staffing levels in Clean El Paso, solid waste enforcement, and outreach divisions.
- The El Paso International Airport has seen an increase in passengers to pre-pandemic levels along with additional international flights to destinations in Mexico.
- International Bridges has observed an increase in vehicle and commercial bridge traffic. They continue to pursue funding opportunities for port of entry projects and plan to implement enhanced parking management strategies.

REQUEST FOR INFORMATION

The City of El Paso's Annual Comprehensive Financial Report is designed to provide citizens, customers, investors and creditors with a general overview of the City's finances. It is available at the following website: www.elpasotexas.gov/office-of-the-comptroller. If you have questions about this report or need additional information, you may contact:

Office of the Comptroller
300 N. Campbell
El Paso, Texas 79901

CITY OF EL PASO, TEXAS

Statement of Net Position August 31, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2022	El Paso Housing Finance Corporation December 31, 2021
ASSETS					
Cash and Cash Equivalents	\$ 9,075,491	\$ 13,770,753	\$ 22,846,244	\$ 57,523,804	\$ 1,376,313
Cash with Fiscal Agent	6,483,413	—	6,483,413	—	—
Investments	232,600,380	178,782,312	411,382,692	19,006,874	1,319,694
Restricted Cash and Cash Equivalents	2,143,200	—	2,143,200	155,957,697	270,796
Restricted Investments	601,936,799	37,813,928	639,750,727	67,639,032	—
Receivables, Net of Allowances	128,730,009	37,161,781	165,891,790	69,350,522	220,648
Restricted Trade and Other Receivables	—	—	—	4,860,725	—
Intergovernmental Receivable	—	77,963,804	77,963,804	—	—
Leased Property Investment Cost	—	—	—	2,611,957	—
Interest and Dividends	2,193,879	452,060	2,645,939	—	—
Other Assets	—	—	—	353,877	25,400
Internal Balances	(1,110,466)	1,110,466	—	—	—
Lease Receivable	17,243,170	162,614,116	179,857,286	—	—
Due from Component Unit	6,756,828	8,606,931	15,363,759	—	—
Inventory	6,360,100	7,484,796	13,844,896	5,047,661	—
Prepays	111,204	132,804	244,008	1,692,581	—
Capital Assets not being Depreciated / Amortized	604,684,856	61,556,669	666,241,525	733,349,410	258,334
Capital Assets, Net of Accumulated Depreciation / Amortization	894,925,901	522,887,112	1,417,813,013	1,417,439,881	3,295,945
Total Assets	2,512,134,764	1,110,337,532	3,622,472,296	2,534,834,021	6,767,130
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	9,577,936	1,317,940	10,895,876	2,396,854	—
Deferred Chapter 380 Agreement Obligations	48,399,964	—	48,399,964	—	—
Pension Contributions Subsequent to Measurement Date	36,691,761	7,264,253	43,956,014	2,812,807	—
Difference in Expected and Actual Pension Experience	6,506,917	2,005,477	8,512,394	1,494,428	—
Change in Assumptions for Pensions	22,820,948	632,907	23,453,855	3,410	—
Change in Proportionate Share of Pension	—	—	—	515,976	—
Change in Assumptions for OPEB	3,935,915	1,246,394	5,182,309	4,281,016	—
Change in Proportionate Share of OPEB	—	—	—	278,207	—
Difference in Expected and Actual OPEB	9,110,640	2,856,564	11,967,204	—	—
Deferred Outflows Other	2,379,234	166,646	2,545,880	—	—
Total Deferred Outflows of Resources	139,423,315	15,490,181	154,913,496	11,782,698	—

The accompanying notes are an integral part of these financial statements.

CITY OF EL PASO, TEXAS

Statement of Net Position (continued) August 31, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2022	El Paso Housing Finance Corporation December 31, 2021
LIABILITIES					
Accounts Payable	44,223,772	13,062,030	57,285,802	49,547,578	1,272
Accrued Payroll	8,914,492	1,700,369	10,614,861	3,227,815	—
Taxes and Fees Payable	2,154,988	1,077,306	3,232,294	—	—
Accrued Interest Payable	2,743,066	222,362	2,965,428	13,781,547	—
Due to Primary Government	—	—	—	10,202,758	—
Unearned Revenue	121,280,055	4,673,985	125,954,040	14,813,938	9,165
Other Current Liabilities	5,372,664	8,097,582	13,470,246	1,945,108	21,250
Construction Contracts and Retainage Payable	2,131,152	337,029	2,468,181	4,799,817	—
Long-term Liabilities - Due Within One Year	102,784,297	13,240,134	116,024,431	57,517,552	—
Total OPEB Liability - Due Within One Year	2,700,170	1,176,003	3,876,173	—	—
Intergovernmental Payable - Due Within One Year	—	77,963,804	77,963,804	—	—
Due to Component Unit	25,228,923	—	25,228,923	—	—
Long-term Liabilities - Due Beyond One Year	1,658,161,855	146,842,395	1,805,004,250	933,229,373	—
Chapter 380 Agreement Obligations - Due Beyond One Year	48,399,964	—	48,399,964	—	—
Total OPEB Liability - Due Beyond One Year	88,874,285	27,549,394	116,423,679	17,894,318	—
Net Pension Liability - Due Beyond One Year	230,786,247	19,110,264	249,896,511	13,809,507	—
Total Liabilities	2,343,755,930	315,052,657	2,658,808,587	1,120,769,311	31,687
DEFERRED INFLOWS OF RESOURCES					
Deferred Gain on Refunding	586,109	—	586,109	5,599,218	—
Difference in Expected and Actual Pension Experience	4,441,558	380,018	4,821,576	—	—
Change in Proportionate Share of Pension	—	—	—	855,552	—
Difference in Projected and Actual Earnings on Pension Investments	250,881,281	32,594,231	283,475,512	22,940,169	—
Difference in Expected and Actual OPEB	5,543,766	1,748,239	7,292,005	6,730,843	—
Change in Proportionate Share OPEB Experience	—	—	—	278,207	—
Change in Assumptions for OPEB	44,829,150	14,055,848	58,884,998	2,692,416	—
Lease Related	17,015,572	161,006,000	178,021,572	—	—
Total Deferred Inflows of Resources	323,297,436	209,784,336	533,081,772	39,096,405	—
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	347,659,026	457,903,988	805,563,014	1,153,539,595	3,554,279
Restricted for:					
Debt Service	11,889,652	3,705,000	15,594,652	102,532,517	—
Cash Reserve	22,099,714	6,014,289	28,114,003	—	—
Municipal Court	3,788,834	—	3,788,834	—	—
Public Education in Government (PEG)	7,697,809	—	7,697,809	—	—
Civic Center	4,736,690	—	4,736,690	—	—
Public Health	21,409,113	—	21,409,113	—	—
Library	785,128	—	785,128	—	—
Police	5,842,210	—	5,842,210	—	—
Economic Development	4,590,820	—	4,590,820	—	—
Capital Projects	22,533,220	—	22,533,220	—	—
Community Development	47,716,776	—	47,716,776	—	—
Passenger Facilities	—	12,390,051	12,390,051	—	—
Facilities, Infrastructure and Equipment	—	—	—	55,623,525	—
Unrestricted (Deficit)	(516,244,279)	120,977,392	(395,266,887)	75,055,366	3,181,164
Total Net Position (Deficit)	\$ (15,495,287)	\$ 600,990,720	\$ 585,495,433	\$ 1,386,751,003	\$ 6,735,443

The accompanying notes are an integral part of these financial statements.

CITY OF EL PASO, TEXAS

Statement of Activities For the Year Ended August 31, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2022	El Paso Housing Finance Corporation December 31, 2021
Primary Government:									
Governmental Activities:									
General Government	\$ 66,715,406	\$ 37,589,851	\$ —	\$ 5,451,291	\$ (23,674,264)	\$ —	\$ (23,674,264)	\$ —	\$ —
Public Safety	261,182,070	23,402,339	29,366,409	381,660	(208,031,662)	—	(208,031,662)	—	—
Public Works	90,220,966	3,944,832	8,467,443	295,068	(77,513,623)	—	(77,513,623)	—	—
Public Health	34,512,832	9,258,924	16,113,815	9,575	(9,130,518)	—	(9,130,518)	—	—
Culture and Recreation	77,731,919	15,537,484	204,025	1,288,176	(60,702,234)	—	(60,702,234)	—	—
Community and Economic Development	54,901,514	14,664,876	34,394,137	2,007,410	(3,835,091)	—	(3,835,091)	—	—
Interest on Long-term Debt	56,870,614	—	—	—	(56,870,614)	—	(56,870,614)	—	—
Total Governmental Activities	642,135,321	104,398,306	88,545,829	9,433,180	(439,758,006)	—	(439,758,006)	—	—
Business-Type Activities:									
El Paso International Airport	57,868,145	52,710,247	6,133,574	6,907,706	—	7,883,382	7,883,382	—	—
Environmental Services	37,658,000	69,063,037	—	662,251	—	32,067,288	32,067,288	—	—
Mass Transit	73,355,170	6,718,602	17,461,661	33,151,307	—	(16,023,600)	(16,023,600)	—	—
International Bridges	7,639,240	27,836,875	—	—	—	20,197,635	20,197,635	—	—
Tax Office	2,262,277	2,372,158	—	—	—	109,881	109,881	—	—
Total Business-Type Activities	178,782,832	158,700,919	23,595,235	40,721,264	—	44,234,586	44,234,586	—	—
Total Primary Government	\$ 820,918,153	\$ 263,099,225	\$ 112,141,064	\$ 50,154,444	(439,758,006)	44,234,586	(395,523,420)	—	—
Component Units:									
Water and Reclaimed Water	\$ 193,518,241	\$ 194,599,324	\$ 1,117,311	\$ 20,467,001	—	—	22,665,395	—	—
Wastewater	33,887,372	100,789,897	—	—	—	—	66,902,525	—	—
Stormwater	12,549,330	26,442,348	—	—	—	—	13,893,018	—	—
Low/Moderate Income Housing	412,401	328,386	—	—	—	—	—	—	(84,015)
Total Component Units	\$ 240,367,344	\$ 322,159,955	\$ 1,117,311	\$ 20,467,001	—	—	103,460,938	—	(84,015)
General Revenues and Transfers									
General Revenues:									
Taxes:									
					247,952,710	—	247,952,710	—	—
					107,756,280	—	107,756,280	—	—
					81,030,858	—	81,030,858	—	—
					130,515,883	62,500,961	193,016,844	—	—
					17,929,931	—	17,929,931	—	—
					(17,555,611)	(913,975)	(18,469,586)	697,724	20,272
					2,701	313,946	316,647	20,625,595	—
					34,355,126	(34,355,126)	—	—	—
Total General Revenues and Transfers					601,987,878	27,545,806	629,533,684	21,323,319	20,272
Change in Net Position					162,229,872	71,780,392	234,010,264	124,784,257	(63,743)
Net Position (Deficit) - Beginning of Year					(177,725,159)	529,210,328	351,485,169	1,261,966,746	6,799,186
Net Position (Deficit) - End of Year					\$ (15,495,287)	\$ 600,990,720	\$ 585,495,433	\$ 1,386,751,003	\$ 6,735,443

The accompanying notes are an integral part of these financial statements.

CITY OF EL PASO, TEXAS

Balance Sheet Governmental Funds August 31, 2022

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 1,132,280	\$ —	\$ —	\$ 2,909,662	\$ —	\$ 4,620,422	\$ 8,662,364
Cash with Fiscal Agent	—	—	—	246,797	—	6,236,616	6,483,413
Investments	102,423,169	—	—	14,914,500	—	72,489,581	189,827,250
Receivables, Net of Allowances:							
Taxes	32,473,457	—	5,198,615	773,235	—	2,010,354	40,455,661
Interest	322,819	224,519	161,994	893,955	178,682	327,755	2,109,724
Trade	2,777,560	3,345	1,309	2,135,515	12,922	585,029	5,515,680
Notes	1,900,000	35,978,496	—	—	—	2,624,435	40,502,931
Due from Other Government Agencies	836,093	3,017,542	—	3,446,522	5,149,468	6,015,543	18,465,168
Other	12,045,891	—	—	—	3,262,176	8,462,720	23,770,787
Prepaid Items	—	—	—	—	—	111,204	111,204
Due from Other Funds	3,952,660	—	199,020	3,000,000	—	—	7,151,680
Due from Component Unit	3,251,999	—	—	1,035,680	—	2,469,149	6,756,828
Inventory	5,296,137	—	—	—	—	138,455	5,434,592
Lease Receivable	8,718,133	—	—	—	—	8,525,037	17,243,170
Restricted Cash	—	—	353,197	—	920,652	869,351	2,143,200
Restricted Investments	22,099,714	10,440,507	10,985,895	405,084,266	108,443,776	44,882,641	601,936,799
Total Assets	197,229,912	49,664,409	16,900,030	434,440,132	117,967,676	160,368,292	976,570,451
Deferred Outflow of Resources - Other	2,379,234	—	—	—	—	25,019	2,404,253
Total Assets and Deferred Outflow of Resources	\$199,609,146	\$ 49,664,409	\$ 16,900,030	\$434,440,132	\$ 117,967,676	\$ 160,393,311	\$ 978,974,704
LIABILITIES							
Accounts Payable	\$ 17,877,898	\$ 1,827,234	\$ 1,013	\$ 11,463,577	\$ 828,699	\$ 10,718,264	\$ 42,716,685
Accrued Payroll	7,448,403	48,344	—	15,210	398,461	846,294	8,756,712
Due to Other Funds	—	—	—	1,284,467	—	6,977,679	8,262,146
Taxes Payable	1,749,599	15,203	—	5,141	95,012	236,405	2,101,360
Unearned Revenue	94,489	—	—	—	116,846,320	4,339,246	121,280,055
Construction Contracts and Retainage Payable	—	56,852	—	2,053,294	—	21,006	2,131,152
Due to Other Government Agencies	959,519	—	11,537	—	3,262,176	6,356	4,239,588
Total Liabilities	28,129,908	1,947,633	12,550	14,821,689	121,430,668	23,145,250	189,487,698
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues Low Income Housing Loans	—	36,224,360	—	—	—	—	36,224,360
Unavailable Revenues Property Taxes	10,364,225	—	4,972,809	—	—	—	15,337,034
Unavailable Revenues 380 Agreement	1,900,000	—	—	—	—	—	1,900,000
Leases	8,662,072	—	—	—	—	8,353,500	17,015,572
Other	—	—	25,019	—	1,308,098	368,695	1,701,812
Total Deferred Inflows of Resources	20,926,297	36,224,360	4,997,828	—	1,308,098	8,722,195	72,178,778
FUND BALANCES (DEFICITS)							
Nonspendable	5,296,137	—	—	—	—	249,659	5,545,796
Restricted	22,099,714	11,492,416	11,889,652	397,801,253	—	50,033,844	493,316,879
Committed	72,376,924	—	—	—	—	69,861,840	142,238,764
Assigned	—	—	—	21,817,190	—	8,530,299	30,347,489
Unassigned (Deficits)	50,780,166	—	—	—	(4,771,090)	(149,776)	45,859,300
Total Fund Balances (Deficits)	150,552,941	11,492,416	11,889,652	419,618,443	(4,771,090)	128,525,866	717,308,228
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$199,609,146	\$ 49,664,409	\$ 16,900,030	\$434,440,132	\$ 117,967,676	\$ 160,393,311	\$ 978,974,704

The accompanying notes are an integral part of these financial statements.

CITY OF EL PASO, TEXAS

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds August 31, 2022

Fund Balance - Total Governmental Funds Balance Sheet \$ 717,308,228

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental Capital Assets (excluding internal service funds)	2,173,743,785	
Accumulated Depreciation and Amortization	(674,184,383)	
		1,499,559,402

Other long-term assets are not available to pay for current period expenditures and therefore are omitted or deferred in the funds.

Unavailable Revenues Property Taxes	15,337,034	
Unavailable Revenues Low Income Housing Loans	36,224,360	
Unavailable Revenues Grants	1,676,793	
Unavailable Revenues 380 Agreement	1,900,000	
		55,138,187

Internal service funds are used to charge the costs of certain activities, such as health insurance, workers' compensation, unemployment, postage, copy center and equipment maintenance to individual funds. The internal service fund's net position is included in the governmental activities in the Statement of Net Position. 14,373,804

Long-term liabilities (excluding internal service funds) including bonds payable and net pension liability (and the related deferred inflows and outflows of resources), are not due and payable in the current period and therefore are not reported as liabilities, deferred inflows or deferred outflows of resources in the governmental funds. Long-term liabilities consist of:

Accrued Interest Payable	(2,743,066)	
Claims and Judgments	(3,037,499)	
Compensated Absences	(68,672,853)	
Amount due to Component Unit	(26,361,999)	
Net Pension Liability	(229,249,359)	
Deferred Outflow - Pension Contributions Subsequent to Measurement Date	36,107,554	
Deferred Outflow - Change in Assumptions for Pensions	22,770,047	
Deferred Outflow - Difference in Expected and Actual Pension Experience	6,345,632	
Deferred Outflow - Chapter 380 Agreement Obligations	48,399,964	
Deferred Outflow - Difference in Expected and Actual OPEB Experience	8,856,999	
Deferred Outflow - Change in Assumptions for OPEB	3,794,162	
Deferred Inflow - Difference in Expected and Actual OPEB Experience	(5,363,204)	
Deferred Inflow - Difference in Expected and Actual Pension Experience	(4,410,998)	
Deferred Inflow - Difference in Projected and Actual Pension Earnings	(248,259,983)	
Deferred Inflow - Change in Assumptions for OPEB	(43,580,787)	
Total OPEB Liability	(89,015,784)	
Unamortized Bond Issuance Premium	(141,832,894)	
Deferred Charge on Refunding	9,577,936	
Deferred Gain on Refunding	(586,109)	
Chapter 380 Agreement Obligations	(48,399,964)	
Lease Liability	(10,192,703)	
Bonds and Notes Payable	(1,516,020,000)	
		(2,301,874,908)

Net Position (Deficit) of Governmental Activities \$ (15,495,287)

CITY OF EL PASO, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended August 31, 2022

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 236,394,480	\$ —	\$107,756,280	\$ —	\$ —	\$ 8,882,684	\$ 353,033,444
Penalties and Interest - Delinquent Taxes	1,460,492	—	690,153	—	—	1,242	2,151,887
Sales Taxes	130,484,429	—	—	—	—	31,454	130,515,883
Hotel Occupancy Taxes	—	—	—	4,913,432	—	13,016,499	17,929,931
Rental Vehicle Taxes	—	—	—	—	—	4,533,413	4,533,413
Franchise Fees	60,832,018	—	—	—	—	20,198,840	81,030,858
Charges for Services	30,467,689	2,824,757	828,899	—	—	29,366,538	63,487,883
Fines and Forfeitures	7,540,489	—	—	—	—	652,852	8,193,341
Licenses and Permits	13,753,054	—	—	—	—	1,268,140	15,021,194
Ticket Sales	—	—	—	—	—	284,439	284,439
Intergovernmental Revenues	1,357,980	9,367,752	—	10,017,265	52,568,777	28,521,190	101,832,964
Investment Earnings (Losses)	(2,650,020)	(254,289)	97,417	(9,206,149)	(2,502,602)	(2,083,437)	(16,599,080)
Rents and Other	11,036,444	423,950	23,607	2,969,358	—	4,085,138	18,538,497
Total Revenues	490,677,055	12,362,170	109,396,356	8,693,906	50,066,175	108,758,992	779,954,654
EXPENDITURES							
Current:							
General Government	61,482,221	36,760	—	1,286,652	40,556	13,779,584	76,625,773
Public Safety	272,857,772	—	—	45,464	20,420,903	17,533,255	310,857,394
Public Works	41,640,969	—	—	5,254,569	578,541	14,442,280	61,916,359
Public Health	6,004,034	—	—	35,492	4,652,319	22,054,119	32,745,964
Culture and Recreation	42,297,401	27,420	—	3,217,906	69,160	19,163,213	64,775,100
Economic Development	8,800,466	—	—	—	—	11,537,885	20,338,351
Community and Human Development	682,597	6,279,055	—	130,610	27,613,220	581,789	35,287,271
Debt Service:							
Principal	557,471	—	54,588,755	—	—	1,302,129	56,448,355
Interest	105,118	—	63,931,686	—	—	2,760,244	66,797,048
Fiscal Fees	—	—	26,773	1,417,071	—	26,400	1,470,244
Capital Outlay	5,745,252	2,007,410	—	108,099,091	179,393	8,483,179	124,514,325
Total Expenditures	440,173,301	8,350,645	118,547,214	119,486,855	53,554,092	111,664,077	851,776,184
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,503,754	4,011,525	(9,150,858)	(110,792,949)	(3,487,917)	(2,905,085)	(71,821,530)
OTHER FINANCING SOURCES (USES)							
Transfers In	31,917,708	—	1,454,239	21,475,042	—	30,095,592	84,942,581
Transfers Out	(40,975,874)	—	—	(59,145)	—	(9,880,248)	(50,915,267)
Sale of General Capital Assets	931	—	—	349,011	—	1,552,820	1,902,762
Face Amount of Bonds Issued	—	—	—	157,520,000	—	—	157,520,000
Leases (as Lessee)	5,004,376	—	—	—	—	6,377,927	11,382,303
Premium on Issuance of Bonds	—	—	—	23,907,482	—	—	23,907,482
Total Other Financing Sources (Uses)	(4,052,859)	—	1,454,239	203,192,390	—	28,146,091	228,739,861
Net Change in Fund Balances	46,450,895	4,011,525	(7,696,619)	92,399,441	(3,487,917)	25,241,006	156,918,331
Fund Balances (Deficits) - Beginning of Year	104,102,046	7,480,891	19,586,271	327,219,002	(1,283,173)	103,284,860	560,389,897
Fund Balances (Deficits) - End of Year	\$ 150,552,941	\$ 11,492,416	\$ 11,889,652	\$ 419,618,443	\$ (4,771,090)	\$ 128,525,866	\$ 717,308,228

The accompanying notes are an integral part of these financial statements.

CITY OF EL PASO, TEXAS
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended August 31, 2022

Change in net position reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance - Total Governmental Funds		\$ 156,918,331
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Acquisitions	124,514,325	
Depreciation and Amortization	<u>(56,438,188)</u>	
		68,076,137
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals)		
Cost of disposed assets (Net)		(5,566,125)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.		
Unavailable Revenues Low Income Housing Loans	347,478	
Unavailable Revenues Property Taxes	523,659	
Unavailable Revenues Grants	<u>368,695</u>	
		1,239,832
Contributions of capital assets not reported in the governmental funds because they are not relevant to the assessment of near-term liquidity.		
		(157,886)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of Long-Term Debt	(157,520,000)	
Premium on Issuance of Bonded Debt	(23,907,482)	
Principal Payments	56,448,355	
Amortization of Deferred Charge on Refunding	(3,785,918)	
Amortization of Deferred Gain on Refunding	102,452	
Amortization of Premiums on Bonds Issued	13,581,351	
Leases Issued	<u>(11,382,303)</u>	
		(126,463,545)
Some expenses (excluding internal service funds) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in Compensated Absences	(1,127,697)	
Decrease in Accrued Interest Payable	28,544	
Increase in Claims and Judgments	(256,187)	
Decrease in Amount Due to Component Unit	1,133,076	
Changes to total OPEB liability and related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	4,295,074	
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>67,245,526</u>	
		71,318,336
Internal service funds are used by management to charge the costs of health insurance, worker's compensation, unemployment benefits, postage, copy center and equipment maintenance to individual funds. The net revenue of the internal service funds is reported by function within governmental activities.		
		<u>(3,135,208)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 162,229,872</u></u>

CITY OF EL PASO, TEXAS

Statement of Net Position

Proprietary Funds

August 31, 2022

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
ASSETS							
Current Assets:							
Cash	\$ 5,091,218	\$ 488,985	\$ 148,184	\$ 88,009	\$ 7,954,357	\$ 13,770,753	\$ 413,127
Investments	47,919,077	50,811,230	59,881,372	18,422,719	1,747,914	178,782,312	42,773,130
Receivables, Net of Allowances:							
Taxes	—	—	10,316,971	—	—	10,316,971	—
Interest	153,524	138,917	117,986	37,492	4,141	452,060	84,155
Trade	3,950,326	1,282,220	103,176	14,721	207	5,350,650	19,782
Due from Other Government Agencies	4,715,693	240,696	16,536,981	—	790	21,494,160	—
Due from Component Unit	—	8,606,931	—	—	—	8,606,931	—
Due from Other Funds	—	—	1,284,467	—	—	1,284,467	—
Prepaid Items	61,463	15,602	55,739	—	—	132,804	—
Inventory	1,421,520	—	6,063,276	—	—	7,484,796	925,508
Total Current Assets	63,312,821	61,584,581	94,508,152	18,562,941	9,707,409	247,675,904	44,215,702
Noncurrent Assets:							
Restricted Investments	22,109,340	15,704,588	—	—	—	37,813,928	—
Uncollected Property Taxes Receivable - Other Taxing Entities	—	—	—	—	77,963,804	77,963,804	—
Leases Receivable	160,346,552	—	2,267,564	—	—	162,614,116	—
Capital Assets:							
Land	1,377,611	6,887,813	11,753,642	2,469,531	—	22,488,597	—
Construction in Progress	12,032,531	7,660,815	17,075,185	1,319,904	—	38,088,435	—
Lease Right of Use Asset, Net	—	—	2,609,832	—	1,397,716	4,007,548	—
Buildings, Improvements, Equipment & Other, Net	255,096,544	41,370,129	211,821,038	11,551,972	19,518	519,859,201	51,355
Total Noncurrent Assets	450,962,578	71,623,345	245,527,261	15,341,407	79,381,038	862,835,629	51,355
Total Assets	514,275,399	133,207,926	340,035,413	33,904,348	89,088,447	1,110,511,533	44,267,057
DEFERRED OUTFLOWS OF RESOURCES							
Pension Contributions Subsequent to Measurement Date	1,346,831	2,019,774	3,647,405	250,243	—	7,264,253	584,207
Difference in Expected and Actual Pension Experience	371,827	557,608	1,006,957	69,085	—	2,005,477	161,285
Change in Assumptions for Pensions	117,345	175,975	317,784	21,803	—	632,907	50,901
Change in Assumptions for OPEB	390,566	309,970	373,125	121,051	51,682	1,246,394	141,753
Difference in Expected and Actual OPEB Experience	624,412	819,867	1,260,446	149,469	2,370	2,856,564	253,641
Deferred Outflow of Resources - Other	—	—	166,646	—	—	166,646	—
Deferred Charge on Refunding	220,433	335,905	761,602	—	—	1,317,940	—
Total Deferred Outflows of Resources	3,071,414	4,219,099	7,533,965	611,651	54,052	15,490,181	1,191,787
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 517,346,813	\$ 137,427,025	\$ 347,569,378	\$ 34,515,999	\$ 89,142,499	\$ 1,126,001,714	\$ 45,458,844

The accompanying notes are an integral part of these financial statements.

CITY OF EL PASO, TEXAS
Statement of Net Position (continued)
Proprietary Funds
August 31, 2022

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts Payable	6,377,463	993,834	5,339,571	325,115	26,047	13,062,030	1,507,088
Accrued Payroll	415,437	441,850	715,886	93,296	33,900	1,700,369	157,780
Bond Obligations	1,435,781	1,546,191	2,188,080	514,885	—	5,684,937	—
Revenue Bonds	5,555,289	—	—	—	—	5,555,289	—
Lease Liability	—	—	64,998	—	118,218	183,216	—
Due to Other Funds	—	174,001	—	—	—	174,001	—
Due to Other Government Agencies	—	—	166,646	—	2,505,259	2,671,905	—
Taxes Payable	181,660	626,461	219,192	37,924	12,069	1,077,306	53,628
Interest Payable on Bonds and Notes	140,975	14,015	66,320	1,052	—	222,362	—
Unearned Revenue	4,666,485	—	—	7,500	—	4,673,985	—
Construction Contracts and Retainage Payable	337,029	—	—	—	—	337,029	—
Property Taxes Subject to Refund - Other Taxing Entities	—	—	—	—	1,676,802	1,676,802	—
Prepaid Property Taxes	—	—	—	—	3,748,875	3,748,875	—
Compensated Absences	845,298	387,134	473,318	74,946	35,996	1,816,692	202,955
Total OPEB Liability	185,137	243,215	373,540	373,540	571	1,176,003	51,173
Total Current Liabilities	20,140,554	4,426,701	9,607,551	1,428,258	8,157,737	43,760,801	1,972,624
Noncurrent Liabilities:							
Lease Liability	—	—	2,567,982	—	1,316,125	3,884,107	—
Bond Obligations	31,032,752	10,433,529	45,173,704	—	—	86,639,985	—
Revenue Bonds	35,304,465	—	—	—	—	35,304,465	—
Compensated Absences	1,972,360	903,313	1,104,409	174,873	83,990	4,238,945	473,561
Landfill Closure Costs	—	15,704,588	—	—	—	15,704,588	—
Claims and Judgments	50,000	438,463	581,392	450	—	1,070,305	20,513,687
Net Pension Liability	3,543,144	5,313,472	9,595,325	658,323	—	19,110,264	1,536,888
Total OPEB Liability	6,093,655	8,005,250	12,294,827	1,136,882	18,780	27,549,394	2,507,498
Uncollected Property Taxes - Other Taxing Entities	—	—	—	—	77,963,804	77,963,804	—
Total Noncurrent Liabilities	77,996,376	40,798,615	71,317,639	1,970,528	79,382,699	271,465,857	25,031,633
Total Liabilities	98,136,930	45,225,316	80,925,190	3,398,786	87,540,436	315,226,658	27,004,257
DEFERRED INFLOWS OF RESOURCES							
Difference in Projected and Actual Earnings on Pension Investments	6,043,144	9,062,594	16,365,667	1,122,826	—	32,594,231	2,621,298
Difference in Expected and Actual Pension Experience	70,458	105,662	190,805	13,093	—	380,018	30,560
Difference in Expected and Actual OPEB Experience	478,416	462,837	627,299	136,981	42,706	1,748,239	180,562
Change in Assumptions for OPEB	3,073,796	4,033,622	6,200,590	736,063	11,777	14,055,848	1,248,363
Lease Related	158,762,004	—	2,243,996	—	—	161,006,000	—
Total Deferred Inflows of Resources	168,427,818	13,664,715	25,628,357	2,008,963	54,483	209,784,336	4,080,783
NET POSITION							
Net Investment in Capital Assets	203,813,471	44,468,033	194,655,999	14,946,967	19,518	457,903,988	51,355
Restricted for:							
Debt Service	3,705,000	—	—	—	—	3,705,000	—
Cash Reserve	6,014,289	—	—	—	—	6,014,289	—
Passenger Facilities	12,390,051	—	—	—	—	12,390,051	—
Unrestricted	24,859,254	34,068,961	46,359,832	14,161,283	1,528,062	120,977,392	14,322,449
Total Net Position	250,782,065	78,536,994	241,015,831	29,108,250	1,547,580	600,990,720	14,373,804
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 517,346,813	\$ 137,427,025	\$ 347,569,378	\$ 34,515,999	\$89,142,499	\$1,126,001,714	\$ 45,458,844

The accompanying notes are an integral part of these financial statements.

CITY OF EL PASO, TEXAS
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended August 31, 2022

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:							
Charges of Rentals and Fees	\$ 47,085,082	\$ 67,850,343	\$ 108,817	\$ 107	\$ —	\$ 115,044,349	\$ —
Charges of Tolls	—	—	—	27,245,983	—	27,245,983	—
Charges of Fares and Fees	442,799	—	5,027,044	—	—	5,469,843	—
Sales to Departments	—	64,791	—	—	—	64,791	18,122,152
Premium Contributions	—	—	—	—	—	—	69,950,010
Intergovernmental Revenues	—	—	—	—	1,731,435	1,731,435	—
Penalties - Delinquent tax Collections	—	—	—	—	527,829	527,829	—
General Revenues	1,792,309	1,147,903	1,582,741	590,785	112,894	5,226,632	1,020,657
Total Operating Revenues	49,320,190	69,063,037	6,718,602	27,836,875	2,372,158	155,310,862	89,092,819
OPERATING EXPENSES:							
Personnel Services	17,721,539	15,614,662	25,877,847	3,085,022	1,282,791	63,581,861	6,717,167
Contractual Services	84,484	—	24,750	1,416,976	—	1,526,210	—
Professional Services	620,305	197,683	396,844	20,834	346	1,236,012	1,001,893
Outside Contracts	8,300,417	1,925,219	13,197,749	1,342,101	339,447	25,104,933	2,294,815
Fuel and Lubricants	287,798	3,282,950	2,493,240	11,722	24	6,075,734	7,851,974
Materials and Supplies	1,032,692	6,312,163	4,863,150	174,169	20,502	12,402,676	3,094,007
Communications	293,782	288,899	124,491	4,217	111,055	822,444	457
Utilities	2,383,487	86,672	1,538,698	102,278	—	4,111,135	20,365
Travel and Training	135,506	39,822	32,877	6,208	10,156	224,569	4,913
Benefits Provided	856	—	42,045	—	—	42,901	67,712,359
Maintenance and Repairs	855,090	143,764	667,572	420,266	—	2,086,692	2,625,184
Other Operating Expenses	3,785,796	2,026,476	5,829,709	489,180	305,201	12,436,362	41,379
Depreciation and Amortization	19,624,096	7,375,022	16,786,882	536,463	159,067	44,481,530	40,342
Total Operating Expenses	55,125,848	37,293,332	71,875,854	7,609,436	2,228,589	174,133,059	91,404,855
Operating Income (Loss)	(5,805,658)	31,769,705	(65,157,252)	20,227,439	143,569	(18,822,197)	(2,312,036)
NONOPERATING REVENUES (EXPENSES):							
Investment Earnings (Losses)	2,641,275	(1,464,915)	(1,644,886)	(408,176)	(37,273)	(913,975)	(956,531)
Interest Expense	(2,742,297)	(364,668)	(1,479,316)	(29,804)	(33,688)	(4,649,773)	—
Gain on Sale of Capital Assets	—	67,246	52,247	—	—	119,493	—
Customer Facility Charge	3,390,057	—	—	—	—	3,390,057	—
Sales Tax	—	—	62,500,961	—	—	62,500,961	—
FTA Subsidy	—	—	10,295,969	—	—	10,295,969	—
Other Revenues	6,133,574	—	7,165,692	—	—	13,299,266	—
Total Nonoperating Revenues (Expenses)	9,422,609	(1,762,337)	76,890,667	(437,980)	(70,961)	84,041,998	(956,531)
Income (Loss) Before Capital Contributions and Transfers	3,616,951	30,007,368	11,733,415	19,789,459	72,608	65,219,801	(3,268,567)
Capital Contributions	6,907,706	662,251	33,151,307	—	—	40,721,264	—
Transfers In	—	2,142,409	—	—	—	2,142,409	133,359
Transfers Out	—	(18,138,715)	(2,385,539)	(15,778,828)	—	(36,303,082)	—
Change in Net Position	10,524,657	14,673,313	42,499,183	4,010,631	72,608	71,780,392	(3,135,208)
Net Position - Beginning of Year	240,257,408	63,863,681	198,516,648	25,097,619	1,474,972	529,210,328	17,509,012
Net Position - End of Year	\$ 250,782,065	\$ 78,536,994	\$ 241,015,831	\$ 29,108,250	\$ 1,547,580	\$ 600,990,720	\$ 14,373,804

The accompanying notes are an integral part of these financial statements.

CITY OF EL PASO, TEXAS

Statement of Cash Flows Proprietary Funds For the Year Ended August 31, 2022

	Business-Type Activities					Governmental Activities	
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers	\$ 42,669,323	\$ 67,618,337	\$ 6,621,548	\$ 27,888,555	\$ 2,422,913	\$ 147,220,676	\$ 89,081,014
Payments to Suppliers	(18,209,011)	(16,368,330)	(27,487,425)	(3,910,324)	(783,147)	(66,758,237)	(82,010,122)
Payments to Employees	(18,747,287)	(17,551,904)	(29,323,280)	(3,327,388)	(1,236,208)	(70,186,067)	(7,246,050)
Property Taxes Collected for Other Governments	—	—	—	—	1,455,913,523	1,455,913,523	—
Property Taxes Distributed to Other Governments	—	—	—	—	(1,454,060,501)	(1,454,060,501)	—
Net Cash Provided by (used for) Operating Activities	<u>5,713,025</u>	<u>33,698,103</u>	<u>(50,189,157)</u>	<u>20,650,843</u>	<u>2,256,580</u>	<u>12,129,394</u>	<u>(175,158)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to Other Funds	—	(18,138,715)	(2,385,539)	(15,778,828)	—	(36,303,082)	—
Transfers from Other Funds	—	2,142,409	—	—	—	2,142,409	133,359
Sales Tax	—	—	61,331,587	—	—	61,331,587	—
Receipts from Other Governments	9,003,346	—	15,977,629	—	—	24,980,975	—
Net Cash Provided by (used for) Noncapital Financing Activities	<u>9,003,346</u>	<u>(15,996,306)</u>	<u>74,923,677</u>	<u>(15,778,828)</u>	<u>—</u>	<u>52,151,889</u>	<u>133,359</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Leases (as lessee)	—	—	(129,300)	—	(140,416)	(269,716)	—
Leases (as lessor)	11,441,646	—	238,615	—	—	11,680,261	—
Customer Facility Charge	3,414,558	—	—	—	—	3,414,558	—
Capital Contributions from Other Governments and Agencies	5,226,659	539,208	26,699,634	—	—	32,465,501	—
Acquisition and Construction of Capital Assets	(10,897,119)	(12,086,122)	(15,006,177)	(110,094)	(15,230)	(38,114,742)	—
Principal Paid on Capital Debt	(5,890,000)	(1,569,664)	(1,556,581)	(520,000)	—	(9,536,245)	—
Interest Paid on Capital Debt	(3,654,927)	(412,113)	(1,651,106)	(51,250)	—	(5,769,396)	—
Proceeds from Sale of Capital Assets	—	261,699	—	—	—	261,699	—
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(359,183)</u>	<u>(13,266,992)</u>	<u>8,595,085</u>	<u>(681,344)</u>	<u>(155,646)</u>	<u>(5,868,080)</u>	<u>—</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of Investments	(95,920,660)	(66,130,592)	(225,596,239)	(34,855,061)	(2,454,350)	(424,956,902)	(32,309,049)
Sale of Investments	80,421,004	55,444,671	189,142,546	29,222,896	2,057,760	356,288,877	28,282,474
Interest	357,828	340,712	256,880	83,827	10,133	1,049,380	213,673
Net Cash Provided by (used for) Investing Activities	<u>(15,141,828)</u>	<u>(10,345,209)</u>	<u>(36,196,813)</u>	<u>(5,548,338)</u>	<u>(386,457)</u>	<u>(67,618,645)</u>	<u>(3,812,902)</u>
Net Increase (Decrease) in Cash	(784,640)	(5,910,404)	(2,867,208)	(1,357,667)	1,714,477	(9,205,442)	(3,854,701)
Cash - Beginning of the Year	5,875,858	6,399,389	3,015,392	1,445,676	6,239,880	22,976,195	4,267,828
Cash - End of the Year	<u>\$ 5,091,218</u>	<u>\$ 488,985</u>	<u>\$ 148,184</u>	<u>\$ 88,009</u>	<u>\$ 7,954,357</u>	<u>\$ 13,770,753</u>	<u>\$ 413,127</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ (5,805,658)	\$ 31,769,705	\$ (65,157,252)	\$ 20,227,439	\$ 143,569	\$ (18,822,197)	\$ (2,312,036)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:							
Depreciation and Amortization Expense	19,624,096	7,375,022	16,786,882	536,464	159,067	44,481,531	40,342
Compensated Absences	272,954	85,614	56,696	10,923	20,348	446,535	39,360
OPEB Liability and Related Outflows and Inflows	(302,935)	(397,531)	(611,094)	(72,542)	(1,161)	(1,385,263)	(123,031)
Net Pension Liability and Related Outflows and Inflows	(1,247,817)	(1,871,284)	(3,379,259)	(231,846)	—	(6,730,206)	(541,257)
Change in Assets and Liabilities:							
Receivables, Net Cash	(6,195,060)	(1,183,940)	(92,067)	(108)	50,750	(7,420,425)	(9,372)
Inventories	(3,167)	—	(623,709)	—	—	(626,876)	(49,099)
Accounts and Other Payables	(629,388)	(2,079,483)	2,830,646	180,513	30,985	333,273	2,779,935
Due to Other Government Agencies	—	—	—	—	1,853,022	1,853,022	—
Net Cash Provided by (used for) Operating Activities	<u>\$ 5,713,025</u>	<u>\$ 33,698,103</u>	<u>\$ (50,189,157)</u>	<u>\$ 20,650,843</u>	<u>\$ 2,256,580</u>	<u>\$ 12,129,394</u>	<u>\$ (175,158)</u>
Schedule of Non-Cash Capital and Related Financing Activities:							
Contributions of Capital Assets	\$ —	\$ —	\$ 352,341	\$ —	\$ —	\$ 352,341	\$ —
Assets acquired through Lease Agreements	—	—	2,701,944	—	1,541,071	4,243,015	—
Purchase of Capital Assets on Account	3,775,398	221,066	1,210,070	32,605	—	5,239,139	13,326
Decrease in Fair Value of Investments	(1,837,673)	(1,807,332)	(1,989,102)	(500,235)	(47,479)	(6,181,821)	(1,162,569)

The accompanying notes are an integral part of these financial statements.

CITY OF EL PASO, TEXAS

Statement of Fiduciary Net Position

August 31, 2022

ASSETS	Pension Trust Funds	Custodial Funds
Cash	\$ 59,544,895	\$ 54,864,850
Investments:		
Commingled Funds	203,693,139	—
Bank Collective Investment Funds	435,935,431	—
Private Equities	440,312,475	—
Real Estate Investment Funds	259,073,346	—
Fixed Income Securities	372,108,231	—
Domestic Equities	620,518,854	—
International Equities	521,322,013	—
Securities Lending Collateral	68,337,753	—
Receivables, Net of Allowances:		
Commission Credits Receivable	7,883	—
Employer Contributions	2,617,712	—
Employee Contributions	2,111,669	—
Accrued Interest and Dividends	106,459	—
Due from Other Government Agencies	171	6,020,618
Lease ROU, Net of Accumulated Amortization	—	379,694
Prepaid Items	23,210	—
Capital Assets:		
Land	521,174	—
Construction in Progress	50,500	141,184
Buildings, Improvements & Equipment, Net	3,495,615	—
Total Assets	2,989,780,530	61,406,346
LIABILITIES		
Accounts Payable	135,859,007	4,505
Accrued Expenses	3,867,614	2,581,048
Taxes Payable	—	12,819
Lease Liability	—	382,014
Accrued Interest on Long-term Liabilities	—	1,508,207
Unearned Revenue	7,883	13,285,861
Due to Other Government Agencies	—	571,626
Bonds and Notes Payable	—	147,480,936
Total Liabilities	139,734,504	165,827,016
DEFERRED INFLOW OF RESOURCES - OTHER	—	3,529,049
NET POSITION (DEFICIT)		
Restricted for Pensions and Other Purposes	\$2,850,046,026	\$ (107,949,719)

CITY OF EL PASO, TEXAS
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2022

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Employer	\$ 59,173,939	\$ —
Employee	46,829,821	—
Total Contributions	<u>106,003,760</u>	<u>—</u>
Program Income	—	6,606,480
Federal Grant Proceeds	—	1,736,529
State Grant Proceeds	—	3,462,347
Bike Share Revenues	—	60,450
Local Governments	—	10,931,536
Investment Income:		
Net Change in Fair Value of Investments	166,454,056	—
Interest	8,669,243	288,374
Dividends	19,629,607	—
Securities Lending Income	276,257	—
Less Investment Expenses	(8,321,780)	—
Net Total Investment Income	<u>186,707,383</u>	<u>288,374</u>
Total Additions	<u>292,711,143</u>	<u>23,085,716</u>
DEDUCTIONS:		
Benefit Payments	183,579,435	—
Refunds of Contributions	13,340,930	—
Salaries and Benefits	—	1,390,305
Professional Services	—	761,144
Contract Services	—	547,377
Supplies and Other	—	40,767
Administrative Expenses	3,692,143	67,897
Interest Expense	—	4,974,130
Intergovernmental Transfers	—	11,655,483
Grants - Subrecipients	—	300,483
Depreciation and Amortization Expense	166,622	44,849
Total Deductions	<u>200,779,130</u>	<u>19,782,435</u>
Net Increase in Fiduciary Net Position	91,932,013	3,303,281
Net Position (Deficit) - Beginning of Year	2,758,114,013	(111,253,000)
Net Position (Deficit) - End of Year	<u>\$ 2,850,046,026</u>	<u>\$ (107,949,719)</u>

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of El Paso (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

A. Reporting Entity

The accompanying financial statements include the City and its component units, collectively referred to as the financial reporting entity. In accordance with GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 84, the component units discussed below have been included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Units**El Paso Water (EPWater)**

The Public Service Board (PSB), the governing board of EPWater, consists of the Mayor and six residents of El Paso County, Texas. With the exception of the Mayor, all other members are appointed by the City Council and serve staggered four-year terms. The City authorizes the issuance of the debt for EPWater and approves rate or fee changes. The financial information included in these statements is as of EPWater's latest fiscal year end, February 28, 2022.

El Paso Housing Finance Corporation (EPHFC)

EPHFC was incorporated September 10, 1979, under Chapter 394 of the Texas Local Government Code, for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe, affordable and sanitary housing for persons of low and moderate income. The EPHFC board consists of seven directors, appointed by the City Council, who serve a six-year term of office. Any director may be removed from office at any time, with or without cause, by written resolution of the governing body of the City. The financial information included in these statements is as of EPHFC's latest fiscal year end, December 31, 2021.

Blended Component Units**Downtown Development Corporation (DDC)**

The DDC was created and organized as a public, non-profit local government corporation incorporated pursuant to Sub-chapter D of Chapter 431, Texas Transportation Code, as amended, to assist and act on behalf of the City for the purpose of issuing debt to finance the construction of a Triple-A baseball stadium. The City Council operates as the Board of the DDC and certain City administrative staff (e.g. CFO, etc.) manage the activities for the DDC. The City levies and collects a designated tax for the purpose of paying debt service on debt issued by the DDC. The DDC is reported in the nongrant special revenue fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**El Paso Children's Museum Development Corporation (CMDC)**

The CMDC was created and organized as a public, non-profit local government corporation incorporated pursuant to Sub-chapter D of Chapter 431, Texas Transportation Code, as amended, to assist and act on behalf of the City for the purpose of issuing debt to finance the construction of a children's museum. The City Council operates as the Board of the CMDC and certain City administrative staff (e.g. CFO, etc.) manage the activities for the CMDC. The City levies and collects ad valorem tax for the purpose of paying debt service on debt issued for the Children's Museum. The CMDC is reported in the nongrant special revenue fund.

Thunder Canyon Public Improvement District 1 (PID)

The Thunder Canyon PID was created after a handful of property owners petitioned for its creation to keep the canyon undeveloped and in its natural state protecting the 26-acre arroyo. The City Council operates as the Board of the PID and certain City administrative staff (e.g. CFO, etc.) manage the activities for the PID. The PID is reported in the nongrant special revenue fund.

Eastside Sports Complex Public Improvement District 2 (PID)

The Eastside Sports Complex PID was created after a majority of the property owners liable for the assessment petitioned for its creation to provide for the construction and infrastructure costs associated with the Eastside Sports Complex as well as other public amenities including open space, landscaping, hike and bike trails, community facilities, irrigation and lighting, trash receptacles and similar items. The PID, in combination with a tax increment reinvestment zone, funds the annual debt service. The City Council operates as the Board of the PID and certain City administrative staff (e.g. CFO, etc.) manage the activities for the PID. The PID is reported in the nongrant special revenue fund.

El Paso Property Finance Authority, Inc. (Authority)

The Authority was incorporated on March 12, 1987, pursuant to the Texas Non-Profit Corporation Act, for the purpose of establishing a Permanent Public Improvements Program. Its board consists of six directors who serve two-year terms or until a successor is appointed. The City reserves the right to alter the structure, organization, programs or activities of the Authority or to terminate and dissolve the Authority. The Authority is reported as a blended component unit of the City in the nongrant special revenue fund. The Authority had no assets or liabilities and had no financial transactions during fiscal year 2022.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Fiduciary Component Units****City Employees Retirement Trust (CERT)**

Substantially all full-time employees of the City are eligible to participate in the CERT, except for uniformed fire fighters and police officers who are covered under separate plans. The plan is a single-employer defined benefit retirement plan established under legal authority of the City Charter and administered by a Board of Trustees (CERT Board). The CERT Board is comprised of the Mayor, two citizens designated by the Mayor who are not officers or employees of the City, four elected City employees, a retiree and two City district representatives. The CERT is included in the accompanying financial statements as a Pension Trust Fund and the financial information included in these statements is as of August 31, 2022.

Firemen and Policemen's Pension Fund (FPPF)

Uniformed fire fighters and police officers participate in the FPPF, which is divided into two divisions: the firemen division and policemen division. The plan is a single-employer defined benefit retirement plan established under legal authority of State Statutes and the City Charter and is administered by a Board of Trustees (FPPF Board). The FPPF Board is comprised of the Mayor, two citizens designated by the Mayor, the Chief of Police (or his designee), the Fire Chief (or his designee) and three policemen and three firemen elected by the membership of their respective divisions. The FPPF is included in the accompanying financial statements as a Pension Trust Fund. The financial information included in these statements is as of December 31, 2021.

Camino Real Regional Mobility Authority (CRRMA)

The City created the CRRMA in 2007 to directly benefit the State of Texas, the City of El Paso, and the traveling public through the improvement of the state's transportation systems in and around the City of El Paso. CRRMA was established in accordance with Chapter 370 of the Texas Transportation Code, Chapter 26 of Title 43 of the Texas Administrative Code, and the Texas Transportation Commission Minute Order No. 110573. The Governor of the State of Texas appoints the Chair, while the remaining six board members are nominated by the Mayor and appointed by the City Council. All appointments to the board shall be residents of the City of El Paso and adequately represent all areas encompassed within the city limits. The City provides legal and administrative services to CRRMA. CRRMA is reported as a fiduciary component unit of the City in the custodial funds.

El Paso Metropolitan Planning Organization (MPO)

The MPO is responsible for cooperative decision-making by principal elected officials of general-purpose local governments in the El Paso Metropolitan Planning Area regarding the metropolitan transportation planning process. The MPO was established pursuant to 23 USC §134, 59 USC §5303 (Metropolitan Transportation Planning) and 23 CFR 450.300 et seq. (Metropolitan Transportation Planning and Programming). The City serves as the fiscal agent for the Transportation Policy Board of the MPO. The City also receives financial benefit as a sub-recipient of the MPO's state grant awards. The MPO is reported as a fiduciary component unit of the City in the custodial funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For all other information regarding EPWater, EPHFC, CERT, FPPF, CRRMA or MPO please contact the respective entity’s administrative offices.

EPWater - El Paso Water	El Paso Water 1154 Hawkins El Paso, Texas 79925 http://www.epwater.org
EPHFC - El Paso Housing Finance Corporation	El Paso Housing Finance Corporation P.O. Box 1648 El Paso, Texas 79949 http://www.elpasotexas.gov
CERT - City Employees Retirement Trust	City of El Paso Employees Retirement Trust 1039 Chelsea Street El Paso, Texas 79903 http://www.eppension.org
FPPF - Firemen and Policemen’s Pension Fund	El Paso Firemen & Policemen Pension Fund 909 E. San Antonio Avenue El Paso, Texas 79901 http://www.elpasofireandpolice.org
CRRMA - Camino Real Regional Mobility Authority	Camino Real Regional Mobility Authority 801 Texas Avenue El Paso, Texas 79901 http://www.crrma.org
MPO - Metropolitan Planning Organization	Metropolitan Planning Organization 211 N. Florence Street, Suite 202 El Paso, Texas 79901 http://www.elpasompo.org

Not-For-Profit Corporations

The directors of each corporation below are appointed by the City Council and all activity must be approved from time to time by ordinance or resolution duly adopted by the City Council. Approval is solely for the purpose of satisfying the conditions and requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended. Certain corporations have authorized and issued bonds for projects. The bonds specifically provide they are not a debt of the City and the City is not responsible for payment of these bonds. These corporations issue conduit debt, therefore, there is no financial benefit/obligation to the City resulting from these projects and no amounts related to these bonds have been reported in these financial statements.

El Paso Health Facilities Development Corporation (HFDC)

HFDC was incorporated September 2, 1981, under Chapter 221 of the Texas Health and Safety Code, for the purpose of acquiring, constructing, providing, improving, financing and refinancing health facilities in order to assist with the maintenance of public health and public welfare. Its board consists of six directors who serve six-year terms of office. Although there may be bonds outstanding, there is no liability to the City as all liability transfers to the trustee of the bond issue.

City of El Paso Industrial Development Authority (Authority)

The Authority was incorporated October 10, 1979, under Article 5190.6 of the Texas Revised Civil Statutes, for the purpose of promoting and developing commercial, industrial, manufacturing and medical research enterprises to promote and encourage employment, public health and public welfare. Its board consists of nine directors who serve a six-year term of office. Although there

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

may be bonds outstanding, there is no liability to the City as all liability transfers to the trustee of the bond issue.

B. Basic Financial Statements

The government-wide financial statements (i.e., Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus on the sustainability of the City as an entity and the change in aggregate financial net position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are made when the elimination would distort the measurement of the cost of individual functional activities. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

Services performed by one function for another are credited as operating revenue to the performing department and an operating charge to the receiving department to reflect the accurate costs of programs. The rates used are intended to reflect full costs of providing the services. Certain indirect costs have been included as part of program expenses reported for the various functional activities.

The government-wide Statement of Net Position reports all financial and capital resources of the government excluding fiduciary funds. It presents information on assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted and 3) unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by the outstanding balance of any bonds, notes or other borrowings, excluding unspent proceeds, that are attributable to the acquisition, construction or improvements of capital assets. Restricted net position has external constraints placed on their use by either: 1) creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or 2) by law through constitutional provisions or enabling legislation. All net position not otherwise classified as net investment in capital assets or restricted are shown as unrestricted.

Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions of net position imposed by the reporting government by administrative policy are not shown as restricted net position on the government-wide financial statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of the various functions and departments of the City are offset by program revenues. Direct expenses are

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

those that are easily identifiable with a specific function or department. Interest on long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or department such as licenses, permits, park user fees, etc. and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or department.

Taxes, investment income (loss) and other revenues not identifiable with particular functions or departments are included as general revenues. The general revenues support the net costs of the functions and departments not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Criteria for determination of major funds are percentage of assets, liabilities, revenues or expenditures/expenses of the fund category and of the governmental and enterprise funds combined. Nonmajor governmental funds are combined in a single column on the fund financial statements.

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance; 2) demonstrate the sources and uses of liquid resources; and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental fund financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary (enterprise and internal service) funds and fiduciary fund financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds may be eliminated in the consolidation for the government-wide financial statements but are included in the fund columns in the proprietary fund financial statements.

C. Fund Accounting

The City uses funds to report its financial position and activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance. Fund accounting also aids financial management by segregating transactions related to certain governmental functions or activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City uses the following fund categories:

Governmental Funds

Governmental funds are those through which most of the governmental functions of the City are financed. They are used to account for activities primarily supported by taxes, grants and similar revenue sources.

The City reports the following major governmental funds:

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Community Development Block Grants Fund (CDBG)

CDBG is a special revenue fund that accounts for the proceeds of grants such as from the Department of Housing and Urban Development (HUD) for community development projects that may extend over multiple fiscal years.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources that are restricted for the payment of principal, interest and related costs on long-term obligations of governmental funds.

Capital Projects Fund

The capital projects fund accounts for the proceeds of debt issuances, private donations and internal funding for the completion of capital construction projects and equipment purchases outside the scope of general operations.

COVID-19 Relief Grants Fund

This special revenue fund accounts for the proceeds of federal funds in response to the public health emergency and economic fallout as a result of the COVID-19 pandemic. The first wave of relief aid was the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, approved by the 116th U.S. Congress in March 2020. The second wave of federal funding to continue the relief aid is the Consolidated Appropriations Act of 2021, signed and approved on December 27, 2020. This Act was primarily to aid millions of Americans in the form of Emergency Rental Assistance and to extend some previously set timeframes. The third wave of federal funding in response to the pandemic is the American Rescue Plan Act (ARPA) authorized on March 11, 2021 to be effective on March 3, 2021. The ARPA provided the Coronavirus State and Local Fiscal Recovery Fund to continue the support of the public health response and lay the foundation for a strong and equitable economic recovery.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those found in the private sector and where recovery of cost and the determination of net income is useful or necessary for sound fiscal management. The measurement focus is based upon determination of net income, changes in net position, financial position and cash flows.

Enterprise Funds

Enterprise funds are used to account for operations that provide services to the general public for a fee. Under GASB Statement Number No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria:

- 1) any activity that has issued debt backed solely by the fees and charges of the activity,
- 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges or
- 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

The City reports the following major enterprise funds:

El Paso International Airport (Airport)

This fund accounts for the activities of the Airport including aviation operations and leasing activities on Airport properties.

Environmental Services

This fund accounts for the activities of the City-operated refuse collection, transfer and storage operations.

Mass Transit (Sun Metro)

This fund accounts for the City's transit services, including public transportation buses, para-transit, streetcar and facilities.

International Bridges

This fund accounts for the operations and maintenance activities of the three international bridges it controls.

Tax Office

This fund represents activity related to the operations of the Tax Office. It also includes the custodial fund used to account for tax collections of 39 taxing entities, including the City of El Paso. According to GASB Statement No. 84, custodial funds that hold assets upon receipt for three months or less are allowed to be reported in the enterprise fund's statement of net position rather than in a custodial fund. The assets pertaining to this custodial fund

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are reported with a corresponding liability and all cash inflows and outflows are reported in the operating activities category of the proprietary statement of cash flow.

Internal Service Funds

These funds account for facilities maintenance, fleet services, and document services provided to other departments of the City and to other governments and organizations on a cost reimbursement basis. These funds also account for risk management and insurance activities, which include the self-insured health, workers' compensation and unemployment compensation programs.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governmental units. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements since they do not represent assets of the City to support City programs.

Pension Trust Funds

Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, OPEB plans or other employee benefit plans. The City has two pension trust funds to account for the activities of the CERT and FPPF.

Custodial Funds

Custodial funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations, and other governmental units. Custodial funds include the CRRMA and the MPO.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the government-wide financial statements.

Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**D. Measurement Focus and Basis of Accounting**

In the government-wide statements, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Other taxes and fees are recognized as revenue in the year they are earned. Revenue from most grants and similar items are recognized in the fiscal year the qualifying expenditure is made, if applicable, and all other eligibility requirements are satisfied.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets, current liabilities and deferred inflows/outflows of resources are generally included on the Balance Sheet. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days after year end, except for franchise fee revenues which are collected within 75 days after year end. Expenditures are recorded when the related fund liability is incurred. However, compensated absences, debt service expenditures, claims and judgments and arbitrage liabilities are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and any acquisitions under capital leases are reported as other financing sources.

Revenues susceptible to accrual include property taxes, sales taxes, hotel occupancy tax (HOT), franchise taxes, fines and forfeits, and interest earned on investments. Charges for services, licenses and permits, and miscellaneous revenues are recorded when received in cash since they are generally not measurable until actually received, which is the same as the date the services are rendered or the license or permits are issued.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

The reported fund balance for each fund is considered a measure of current financial resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of current financial resources during the period.

Special reporting treatments are applied to governmental fund inventories and prepaid expenditures to indicate that they do not represent current financial resources, since they do not represent net expendable current assets. Such amounts are reported as nonspendable fund balance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. These funds are accounted for on a flow of economic resources measurement focus whereby all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating items.

E. Budgetary Basis of Accounting

The City operates within the confines of a balanced budget. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Unexpended annual budget appropriations lapse at the end of the fiscal year. The City Manager is responsible for presenting an annual budget to the City Council. The City Council sets public hearings for the annual budget review and adopts the budget. The adopted budget provides a detailed plan of the cost of public services that will be provided during the next fiscal year.

Of the major governmental funds presented in the financial statement, the General Fund, Debt Service Fund, Community Development Block Grants Fund (Special Revenue Fund), Internal Service Fund and proprietary operating funds have legally adopted annual budgets. The capital projects fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

Budgetary schedules are included in required supplementary information for the General Fund and the Community Development Block Grants Fund. The budgetary schedule for the Debt Service Fund is included in the combining and individual fund statements and schedules.

F. Cash and Investments

Cash balances of City funds are pooled and invested, except for all component units, pension trust funds, a portion of the Airport relating to passenger facility charges, and certain custodial funds. Earnings from pooled investments are allocated to funds based upon their positive average daily balance in the Pool. Each fund's equity in the pooled cash and investments is proportionately presented as Cash and Investments at fair value. Negative cash balances are reclassified to advances to/from other funds. The City reports cash in demand deposit accounts as Cash.

It is the policy of the City to: (i) invest public funds in a manner which will provide maximum safety of principal and liquidity; (ii) provide the highest possible investment return; (iii) meet the daily cash flow demands of the City; and (iv) comply with the Texas Public Funds Investment Act of 1995, as may be amended (TPFIA) and local ordinances and resolutions governing the investment of the City's

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

public funds. Pursuant to Section 2256.005 of the Texas Government Code, the City is required to review its Investment Policy on an annual basis.

Interest earnings from general obligation bonds and certificates of obligation shall be used solely to fund direct or related capital expenditures or to service current and future debt payments as determined by City Council in accordance to the bond ordinance. Interest earnings will be allocated in accordance to the City's Investment Policy, adopted annually by City Council, and/or the bond ordinance which authorized the specified debt obligation. When projects are completed, any remaining cash is transferred to the Debt Service Fund as prescribed by the debt covenants.

Restricted Cash and Restricted Investments refer to assets that are held for a specific purpose and therefore not available for immediate or general business use. The restrictions are generally by contractual agreements or regulatory requirements.

G. Inventories and Prepaid Items

Inventories of materials and supplies consist primarily of expendable items held for consumption. They are stated at cost using the first-in, first-out method for all governmental and proprietary funds on the Statement of Net Position for governmental activities and business-type activities. The consumption method is used to account for inventories. Under this method, inventory acquisitions are recorded in inventory accounts and charged as expenditures or expenses when used. On the government-wide statement of activities, consumption of inventory is recorded as an expense.

Prepaid items, recorded in both government-wide and fund financial statements, are goods or services that are paid for in advance and are applicable to future accounting periods. Using the purchases method, prepaid items are recorded as expenditures or expenses as the goods or services are acquired in the governmental funds as well as the governmental activities in the government-wide statements. Proprietary funds report prepaid items using the consumption method in both fund financial and government-wide financial statements.

H. Capital Assets

GASB standards require that all capital assets, whether owned by governmental activities or business-type activities, be recorded and depreciated in the government-wide financial statements. In the governmental fund statements, capital assets are not reported as they do not fit in the current financial resources measurement focus.

Capital assets, including public infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable) are defined as assets with an initial cost of \$5,000 or more and an estimated useful life greater than one year. Capital assets are recorded at cost, if purchased or constructed, or estimated historical cost. Donated capital assets are recorded at acquisition value which is the fair value at the date of the donation. The donor will provide the fair market value of the donated asset by appraisal or by consideration of other factors such as cost or selling price, sales of comparable properties or replacement cost. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major improvements are capitalized and depreciated over the estimated remaining useful life of the related capital assets.

Land and construction in progress are not depreciated. Capital assets of the primary government are depreciated or amortized using the straight-line method and half-year convention. The useful lives of assets vary according to their category and are accounted for as follow:

Land Improvements	20 years
Infrastructure	10 to 30 years
Buildings and Building Improvements	30 years
Vehicles	5 to 12 years
Furniture, Fixtures and Equipment	5 years
IT Equipment	3 to 5 years
Heavy Equipment	10 years

When capital assets are retired from service or otherwise disposed of, any gain or loss on disposal of assets is recognized. Capital assets transferred between funds are transferred at their net book value as of the date of the transfer.

I. GASB 87 Leases

In June 2017, The Governmental Accounting Standards Board (GASB) released Statement No. 87 (GASB 87) to account for leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

J. Insurance

Activity for certain self-insurance programs is recorded in the City's Self-Insurance internal service fund. Assets and obligations related to employee health benefits, workers' compensation and unemployment compensation are included in the Self-Insurance fund. Employee health and workers' compensation benefit liabilities are accrued in the fund based upon actuarial determined estimates of the aggregate liability for unpaid benefits. The City records all health and workers' compensation claim liabilities, including an estimate for claims incurred but not reported. In addition, the City has a stop loss policy for health claims.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City is self-insured for general liability, excluding the Mass Transit department's fleet of vehicles and liability insurance for the Airport that are covered under separate policies. Expenditures for these liabilities are accounted for in the General Fund, which will pay any liabilities incurred. Additionally, the City maintains insurance policies from independent insurance carriers for property insurance, errors and omissions insurance, and auto liability insurance coverage for some of the City's fleet of vehicles.

The City is subject to the State of Texas Employment Commission Act. Under this Act, the City's method for providing unemployment compensation is to reimburse the State of Texas for claims paid by the state.

K. Unearned Revenue

In the governmental and proprietary funds, unearned revenue represents amounts reported in accordance with the City's revenue recognition criteria which is consistent with GAAP. The City records unearned revenues when resources are received without an exchange transaction taking place, such as receiving grant funds without incurring allowable expenditures or receiving advanced payments on leases.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position presents deferred outflows of resources. This financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has the following items that qualify for reporting in this category.

- Deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred Chapter 380 agreement charges are related to Economic Development's program for the purpose of stimulating business and commercial activity within the City.
- Deferred outflow of resources - other - pertains to funds owed to the Federal Transit Administration (FTA) that will be applied to the acquisition of a transit vehicle in fiscal year 2022 as per grant agreement.
- Pension contributions subsequent to measurement date are deferred and recognized in the following fiscal year.
- Difference in expected and actual pension experience is deferred and recognized over the estimated average remaining service lives of all employees that are provided with pension benefits through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in projected and actual earnings on pension investments is deferred and amortized over a closed five year period.
- Change in assumptions for pensions are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pension benefits through the

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

pension plan (active and inactive employees) determined as of the beginning of the measurement period.

- Change in assumptions for OPEB are deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in expected and actual experience for OPEB is deferred and is recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City of El Paso has the following types of items that qualify for reporting in this category.

- Deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Difference in expected and actual pension experience is deferred and recognized over the estimated average remaining service lives of all employees that are provided with pension benefits through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in projected and actual earnings on pension investments is deferred and amortized over a closed five year period.
- Difference in expected and actual OPEB experience is deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Change in assumptions for OPEB benefits is deferred and recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB benefits through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.
- Deferred inflows - Leases represents the future inflow of resources related to GASB 87 lease revenue.
- Deferred inflows - Other represents the future inflow of resources related to pending grant reimbursement that are not available as of the date of this financial statement.
- In the governmental funds, unavailable resources are revenues that are earned and measurable but not yet available, and are reported as deferred inflows of resources. The governmental funds report unavailable resources of property taxes and low income housing loans.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**M. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Resulting receivables and payables are classified as Due from Other Funds or Due to Other Funds.

N. Internal Balances

Internal balances are the net residual amounts due between governmental and business-type activities in the government-wide Statement of Net Position. The amounts shown as internal balances are the Due to Other Funds and Due from Other Funds balances between governmental activities and business-type activities of the primary government. Any interfund receivables and payables that are within governmental activities or within business-type activities are eliminated on the Statement of Net Position.

O. Federal and State Grants

Grants and entitlements received for purposes normally financed through the general government are accounted for within the special revenue funds. Revenues are recognized when the expenditures of federal and state grant funds are made and all eligibility requirements have been met. Amounts owed to the City at fiscal year end for grants and entitlements are reflected as Due from Other Government Agencies. The City expects to collect these balances during the subsequent fiscal year. Grants received by Proprietary Funds are reported in the applicable Proprietary Fund.

P. Compensated Absences

City employees, excluding uniformed Police Department and Fire Department employees, earn vacation leave, which may either be taken or accumulated (up to a maximum of 400 hours) until paid upon termination or retirement. For uniformed Police Department and Fire Department employees only, special provisions apply based on the most current Articles of Agreement between the City and the local associations of Fire and Police unions.

Leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through paid time off or cash payments, conditioned on the employee's termination or retirement. For governmental funds, a liability for these amounts is reported only if they have matured as a result of termination or retirement. For the government-wide and proprietary fund financial statements, all of the outstanding compensated absences are recorded as a liability.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the CERT and FPPF and additions to/deductions from CERT and FPPF Fiduciary Net Position have been determined on the same basis as they are reported by CERT and FPPF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

payable in accordance with the benefit terms. Investments are reported at fair value. Additional information on the pension plans is available in Note 13.

R. Other Postemployment Benefits (OPEB)

Contributions from the City for OPEB healthcare premiums are set by statute and are recognized in the period when the contribution is made on behalf of the retiree. Payment for insurance premiums are recognized when due and payable in accordance with the benefit terms. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they were reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Additional information on the OPEB plan is available in Note 12.

S. Long-term Obligations, Bond Premiums, Discounts, and Issue Costs

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. In these statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in accordance with GASB Statement No. 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issue costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

T. Claims and Judgments

Claims and judgments are accrued as expenditures in governmental funds for the amount expected to be liquidated with expendable available financial resources to the extent they mature each period. The entire liability for claims and judgments is reported in the government-wide financial statements and in the proprietary fund financial statements when it is probable that a liability has been incurred.

U. Solid Waste Landfill Closure and Post-Closure Cost

Solid waste landfill closure and post-closure costs are accounted for in accordance with guidelines recommended by GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Costs*. The liability, based upon landfill capacity used to date, is recorded in the Environmental Services proprietary fund. An explanation of the liability and its calculation is presented in Note 8.

V. Classification of Fund Equity

In the government-wide financial statements, equity is shown as net position and classified into three components:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net investment in capital assets – Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding proceeds of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The City reports governmental fund balances by the five following classifications:

Nonspendable – Amounts that cannot be spent, such as inventory or prepaid amounts, because they are either not in spendable form or legally required to be maintained intact.

Restricted – Amounts with restrictions that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes and imposed by formal action of the government’s highest level of decision-making authority. In the case of the City, this would require a formal action by City Council in the form of a resolution to establish, modify or rescind a commitment.

Assigned – Amounts constrained by City management's intent to be used for specific purposes but are not formally restricted by external resources or committed by the City Council. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. This assignment occurs with the adoption of the budget adoption.

Unassigned – Amount of the remaining fund balance not in any of the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The City designates restricted amounts to be spent first if both restricted and unrestricted fund balance are available unless there are legal constraints that prohibit this, such as in grant agreements requiring the City to match with local funds the grant amounts spent. Additionally, the City would first use committed, followed by assigned, and last of all unassigned balances when expenditures are incurred for purposes for which balances in any of these fund balance classifications could be used.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**W. Minimum Fund Balance**

It is the desire of the City to attain an adequate General Fund balance to maintain liquidity in anticipation of economic downturns or natural disasters. The City strives to maintain an unassigned General Fund balance sufficient for 60 days of General Fund expenditures.

X. Cash Reserve

The City maintains a cash reserve fund of five percent of the prior years adopted General Fund operating expenditure budget in order to provide coverage for unexpected expenses in accordance to the City Charter.

Y. Stabilization Funds

On March 3, 2020, a stabilization fund was established in the adopted budget policy approved via City Council resolution. The language was amended on May 10, 2022 approved via City Council resolution to the operating and debt stabilization fund. This fund serves as a reserve of surplus revenues to be used with the purpose of 1) minimizing future tax rate impact for maintenance and operations as well as debt service, 2) protecting against raising charges for services and fees and 3) providing available funding for specific circumstances as needed to maintain the same levels of service. In such case, the use of the fund resources will be determined and approved by City Council action.

The operating and debt stabilization fund serves as a source of financial support for the City's budget in times of slow or declining revenue growth, as a safeguard to continue funding priorities included in the strategic plan, and as the primary source of protection against having to make drastic cuts in City services in periods of economic downturns.

The amount of funds to be committed will be recommended by the Chief Financial Officer or designee to the City Council during the year. The City Council will have final approval of the amount maintained in the fund, as well as the planned uses of the fund. As of August 31, 2022, the general fund reported a committed fund balance of \$48.9 million related to this stabilization arrangement.

On May 10, 2022, a pension stabilization fund was established in the adopted budget policy approved via City Council resolution. This fund serves as a reserve of surplus revenues from all City's funds (governmental and enterprise funds), to the extent permitted by law, to be used with the sole purpose of making payments to the civilian, firemen and policemen's retirement pension plans on an annual basis commencing in fiscal year 2023.

The pension stabilization fund is created to fund additional contributions to the City Employees Retirement Trust and to the Firemen and Policemen's Pension Fund. The goal is to reduce the current unfunded pension liability and sustain the City's bond rating.

The amount of funds to be committed and transferred will be recommended by the Chief Financial Officer or designee to the City Council for approval during the year. The balance in the fund should be invested in accordance with the City's investment policy and all investment earnings should be used

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for the purpose of the fund. As of August 31, 2022, the general fund reported a committed fund balance of \$21.6 million related to this stabilization arrangement.

Z. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers cash to be currency on hand, cash held by trustee and demand deposits with banks. The City considers all highly liquid investments with an original maturity of approximately ninety days or less to be investments rather than cash equivalents. EPWater considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

AA. Fiscal Year Inconsistencies

The City’s component unit, EPWater, operates on a fiscal year ending on the last day of February. Therefore, the following amounts reported by the primary government are inconsistent with amounts reported by EPWater.

Primary Government - Due from Component Unit	
Governmental Funds	\$ 6,756,828
Proprietary Funds:	
Environmental Services	<u>8,606,931</u>
Due From Component Unit at August 31, 2022	<u>\$ 15,363,759</u>
Component Unit - EPWater - Due to Primary	
Government - at February 28, 2022	<u>\$ (10,202,758)</u>
Primary Government - Due to Component Unit	
Governmental Funds	
Due to Component Unit at August 31, 2022	<u>\$ (26,361,999)</u>
Component Unit - EPWater - Due from Primary	
Government - at February 28, 2022	<u>\$ 27,165,109</u>

The Police and Fire pension plan (FPPF) within the Pension Trust Funds operates on a fiscal year ending on December 31. Therefore, the amounts reported by the primary government are inconsistent with amounts reported by FPPF. As a fiduciary fund, the amounts reported by the FPPF are excluded from the government-wide financial statements. The following amounts are reported in these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Firemen Division	Policemen Division
Primary Government		
Employer Contributions to FPPF:		
General Fund	\$ 12,376,007	\$ 17,048,291
Nonmajor Governmental Funds	340,316	686,038
COVID-19 Relief Grant	902,880	256,953
El Paso International Airport	526,714	501,586
Total Employer Contributions to FPPF - year ended August 31, 2022	\$ 14,145,917	\$ 18,492,868
Fiduciary Fund - FPPF		
Employer Contributions to FPPF - year ended December 31, 2021	\$ 14,408,451	\$ 18,669,077

AB. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the City’s management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

AC. Implementation of New Accounting Standards

In fiscal year 2022, the City adopted five new statements and three implementation guides issued by the Governmental Accounting Standards Board:

Statement No. 87: Leases

Statement No. 87 (GASB 87) establishes a uniform approach for lease accounting based on the principle that leases are financings of the right to use an underlying asset. In accordance with the statement, parties to a lease agreement, the lessee and lessor, are required to recognize a lease liability and an intangible right-to-use lease asset (a capital asset hereinafter referred to as the lease asset), and a lease receivable and deferred inflow of resources, respectively. The new lease standard also requires enhanced disclosure which include a general description of the leasing arrangement, the aggregated amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangements on a government’s resources. There was no impact to beginning fund balance or net position due to the implementation of this standard. Additional disclosures of the City's implementation of GASB 87 are included in Note 5 Capital Assets and Note 7 Leases.

Statement No. 92: Omnibus 2020

GASB Statement No. 92 was issued January 2020. This Statement enhances comparability and financial reporting to improve the consistency of authoritative literature to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases implementations, derivative instruments, postemployment benefits (pensions and OPEB), asset retirement obligations, risk pool

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and fair value measurements. The adoption of Statement No. 92 had no impact on the City's current accounting practices nor its financial reporting.

Statement No. 93: *Replacement of Interbank Offered Rates (IBOR)*

This Statement was issued March 2020 to establish accounting and reporting requirements related to the replacement of Interbank Offered Rates (IBOR) such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for certain hedging derivative instruments. The City analyzed this statement and determined that it is not applicable.

Statement No. 97: *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

Statement No. 97 clarifies component unit criteria for a potential component unit in the absence of a governing board in determining financial accountability; limits the applicability of financial burden criteria in paragraph 7 of Statement No. 84; and classifies Section 457 Deferred Compensation plans as either a pension plan or other employee benefit plan. The City's 457 Deferred Compensation plan is an employee contribution plan only and does not meet the definition of a pension plan in paragraph 51 of Statement No. 67 or paragraph 128 of Statement No. 73. The City's 457 Deferred Compensation plan does not meet the criteria of Statement No. 84 to be reported as a fiduciary activity of the government's fiduciary fund financial statements.

Statement No. 99: *Omnibus 2022*

This Statement was issued April 2022 to address practice issues that were identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics including the extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments as well as clarification of provisions in Statement No. 34, as amended, and terminology updates related to Statements No. 53 and 63. These requirements are effective upon issuance and had no material impact on the City's financial statements. The City early implemented the updates related to Statement No. 87 relating to leases. The City has not completed the process of evaluating the remaining requirements of this Statement that are effective for fiscal years 2023 and 2024, but does not expect it to have an impact on its financial statements.

Implementation Guide No. 2019-3: *Leases*

This Implementation Guide was issued August 2019. The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on the requirements of Statement No. 87, *Leases*.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Implementation Guide No. 2020-1: *Implementation Guidance Update - 2020***

This Implementation Guide was issued April 2020. The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide 2015-1, questions 4.9.1, 5.61.1, 5.117.1, and 6.43.1; Implementation Guide No. 2017-1, *Implementation Guidance Update - 2017*, question 5.7 and 5.20; Implementation Guide No. 2017-2, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, question 4.9; Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*, question 4.8; and Implementation Guide No. 2019-2, *Fiduciary Activities*, paragraph 6. There are also new questions and answers regarding the Financial Reporting Entity, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, Fiduciary Activities, Leases, Certain Asset Retirement Obligations, and Conduit Debt Obligations.

Implementation Guide No. 2021-1: *Implementation Guidance Update - 2021*

This Implementation Guide was issued on May 2021 and supersedes *Implementation Guide No. 2015-1*, Questions Z.51.4–Z.51.7. This Implementation Guide amends *Implementation Guide 2015-1*, Questions 7.9.8, 7.33.5, and 7.55.3 and Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*, Question 4.9. In addition, Appendix C of this Implementation Guide includes provisions to remove from the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification) and the *Comprehensive Implementation Guide* Question 4.22 in this Implementation Guide at the conclusion of the transition period for Statement No. 87, *Leases*; to remove Questions 1.43.2, 1.43.3, and 1.53.1 in Implementation Guide 2015-1 from Codification Section I60, “Investments— Securities Lending”; to remove Questions 7.56.5 and 7.56.7 in Implementation Guide 2015-1 from Codification Section P80, “Proprietary Fund Accounting and Financial Reporting”; and to remove Question 4.1 in Implementation Guide No. 2016-1, *Implementation Guidance Update—2016*, from Codification Section I55, “Investments—Reverse Repurchase Agreements.”

NOTE 2. CASH AND INVESTMENTS

A summary of cash and investments is presented below.

	Primary Government (Statement of Net Position)	Custodial Funds (Statement of Fiduciary Net Position)	Total City Treasury
Cash	\$ 22,846,244	\$ 54,864,850	\$ 77,711,094
Restricted Cash	2,143,200	—	2,143,200
Total Cash	24,989,444	54,864,850	79,854,294
Investments	411,382,692	—	411,382,692
Restricted Investments	639,750,727	—	639,750,727
Total Investments	1,051,133,419	—	1,051,133,419
Total Cash and Investments	\$ 1,076,122,863	\$ 54,864,850	\$ 1,130,987,713

Pooled Cash and Investments

The City maintains a cash and investment pool (Pool) that is available for use by the Primary Government. Each fund’s portion of the Pool is reported in these statements as “Cash” and “Investments.” Participation in the Pool is restricted and does not include cash on hand (change funds) and funds that are restricted because of statutory or contractual considerations. A fund may overdraw its account in the Pool, with the overdraft reported as a liability (Advances to Other Funds) on the Statement of Net Position. The City invests on a pooled basis and allocates to the funds proportionately to their degree of participation. Earnings from the Pool are allocated to the funds based upon each fund’s positive average daily balance in the Pool in accordance with the City’s Investment Policy.

	Cash	Restricted Cash	Investments	Restricted Investments	City Treasury	Non-Pooled	Pooled
Balance Sheet-Governmental Funds							
General Fund	\$ 1,132,280	\$ —	\$ 102,423,169	\$ 22,099,714	\$ 125,655,163	\$ 38,475	\$ 125,616,688
Community Development Block Grants	—	—	—	10,440,507	10,440,507	—	10,440,507
Debt Service	—	353,197	—	10,985,895	11,339,092	—	11,339,092
Capital Projects	2,909,662	—	14,914,500	405,084,266	422,908,428	—	422,908,428
COVID-19 Relief Grants	—	920,652	—	108,443,776	109,364,428	—	109,364,428
Nonmajor Governmental Funds	4,620,422	869,351	72,489,581	44,882,641	122,861,995	14,948	122,847,047
Total for Governmental Funds	8,662,364	2,143,200	189,827,250	601,936,799	802,569,613	53,423	802,516,190
Statement of Net Position-Proprietary Funds							
Enterprise Funds:							
El Paso International Airport	5,091,218	—	47,919,077	22,109,340	75,119,635	400	75,119,235
Environmental Services	488,985	—	50,811,230	15,704,588	67,004,803	1,680	67,003,123
Mass Transit	148,184	—	59,881,372	—	60,029,556	148,184	59,881,372
International Bridges	88,009	—	18,422,719	—	18,510,728	63,500	18,447,228
Tax Office	7,954,357	—	1,747,914	—	9,702,271	5,000	9,697,271
Total for Enterprise Funds	13,770,753	—	178,782,312	37,813,928	230,366,993	218,764	230,148,229
Internal Service Funds	413,127	—	42,773,130	—	43,186,257	—	43,186,257
Statement of Fiduciary Net Position							
Custodial Funds	54,864,850	—	—	—	54,864,850	54,864,850	—
Total	\$ 77,711,094	\$ 2,143,200	\$ 411,382,692	\$ 639,750,727	\$ 1,130,987,713	\$ 55,137,037	\$ 1,075,850,676

NOTE 2. CASH AND INVESTMENTS (continued)

Cash and Investments of the City Treasury, including restricted amounts at August 31, 2022 were:

	Pooled Cash and Investments	Non-Pooled Cash and Investments	Total
Cash in Bank	\$ 24,717,257	\$ 54,864,850	\$ 79,582,107
Cash on Hand	—	272,187	272,187
Total Cash	<u>24,717,257</u>	<u>55,137,037</u>	<u>79,854,294</u>
Certificates of Deposit	4,615,087	—	4,615,087
Municipal Securities	3,510,321	—	3,510,321
US Agencies	431,136,867	—	431,136,867
US Treasuries	507,302,549	—	507,302,549
Local Government Investment Pools	73,367,262	—	73,367,262
Money Market	31,201,333	—	31,201,333
Total Investments	<u>1,051,133,419</u>	<u>—</u>	<u>1,051,133,419</u>
Total Cash and Investments	<u>\$ 1,075,850,676</u>	<u>\$ 55,137,037</u>	<u>\$ 1,130,987,713</u>

The City follows GASB Statement No. 72 (Fair Value Measurement and Application), and GASB Statement No. 79 (Certain External Investment Pools and Pool Participants). These statements require that governmental entities report investments at fair value and that all investment income, including changes in the fair value of investments, be reported as revenue in the Statement of Activities. The City reports the change in fair value as part of investment earnings. In addition, GASB Statement No. 79 requires the disclosure of the presence of any limitations or restrictions on withdrawals.

The City has adopted an investment policy to minimize the inherent risks associated with deposits and investments. The primary objective of the City’s Investment Policy is preservation of capital. After consideration of the investments' safety and liquidity requirements, the policy seeks the highest possible investment return. The policy defines:

- * The requirements for authorized financial institutions, depositories and broker/dealers.
- * Investments authorized and prohibited.
- * The maximum maturity for any single investment as three years.
- * The maximum dollar-weighted average maturity for investment as two years.

The City’s Investment Policy requires that financial institutions, broker/dealers, intermediaries and advisers meet certain conditions and provide certain information prior to entering into investment activities with the City.

The City participates in TexSTAR, TexPool and TexasDAILY, which are government investment pools, as well as a Morgan Stanley Government Fund. The State Comptroller of Public Accounts maintains oversight responsibility for TexPool. This responsibility includes the ability to influence operations, designation of management, and accountability for fiscal matters. TexasDAILY and TexSTAR are public funds investment pools organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, and are privately managed. TexasDAILY, TexSTAR and the money market funds are carried at net asset value, while TexPool is carried at amortized cost.

NOTE 2. CASH AND INVESTMENTS (continued)

Custodial Credit Risk (Deposits) - Collateralization is required for deposits in demand deposit accounts. The collateralization level is 102% of principal. Collateral is held in the City’s name by an independent third party with whom the City has a current custodial agreement and collateral instruments are limited to those instruments authorized by the City’s Investment Policy.

Custodial Credit Risk (Investments) - Securities are held by the City’s agent in the City’s name.

Credit Risk - The Investment Policy authorizes the following securities:

- obligations of the United States or its agencies and instrumentalities
- direct obligations of the State of Texas or its agencies and instrumentalities
- collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by the agency or instrumentality of the United States
- other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities
- obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent
- interest-bearing banking deposits that are guaranteed or insured by (a) the Federal Deposit Insurance Corporation or its successors or (b) the National Credit Union Share Insurance Funds or its successor
- certificates of deposit and share certificates
- repurchase agreements
- commercial paper
- mutual funds that invest in securities described above
- investment pools that invest in securities described above

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. Below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City’s Investment Policy, and the actual rating as of year end for each investment type.

Investment Type	Fair Value	Minimum Required Rating	Rating As of Year End
Certificates of Deposit	\$ 4,615,087	N/A	N/A
Municipal Securities	3,510,321	A	Aa1 to Aaa/AA to AAA
US Agencies	431,136,867	N/A	Aaa/AA+
US Treasuries	507,302,549	N/A	Aaa
Money Market	31,201,333	Aaa-mf/AAAm	Aaa-mf/AAAm
TexSTAR LGIP	78,179	AAA/AAAm	AAAm
TexPool LGIP	60,325,334	AAA/AAAm	AAAm
TexasDAILY LGIP	12,963,749	AAA/AAAm	AAAm
Total Investments	<u>\$ 1,051,133,419</u>		

NOTE 2. CASH AND INVESTMENTS (continued)

Concentration of Credit Risk - The Investment Policy limits the percentage of authorized investment in the portfolio. The following is the fair value of investments that represent 5% or more of investments:

Federal Home Loan Bank	\$ 246,538,205
Federal Farm Credit Bank	160,790,707
Total	<u>\$ 407,328,912</u>

Interest Rate Risk – The City will minimize interest rate risk, which is the risk that the fair value of securities will fall due to increases in market interest rates, by structuring the investment portfolio so that securities mature in a manner consistent with projected cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity.

At August 31, 2022, investments of the City are as follows:

Investment type	Fair Value	Maturity in Years	
		Less than 1	1 - 3
Certificates of Deposit	\$ 4,615,087	\$ 4,615,087	\$ —
Municipal Securities	3,510,321	653,832	2,856,489
US Agencies	431,136,867	143,846,363	287,290,504
US Treasuries	507,302,549	169,074,721	338,227,828
Local Government Investment Pools	73,367,262	73,367,262	—
Money Market	31,201,333	31,201,333	—
Total Investments	<u>\$1,051,133,419</u>	<u>\$ 422,758,598</u>	<u>\$ 628,374,821</u>

Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Unadjusted inputs using quoted prices in active markets for identical investments.
- Level 2** Other significant observable inputs other than Level 1 prices, including but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.
- Level 3** Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

NOTE 2. CASH AND INVESTMENTS (continued)**Recurring Measurements**

The following table presents the fair value measurements of assets recognized in the accompanying Statements of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2022:

Investments by Fair Value Level	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 4,615,087	\$ —	\$ 4,615,087	\$ —
Municipal Securities	3,510,321	—	3,510,321	—
US Agencies	431,136,867	431,136,867	—	—
US Treasuries	507,302,549	507,302,549	—	—
Total Investments by Fair Value Level	946,564,824	\$ 938,439,416	\$ 8,125,408	\$ —
Investments Measured at the Net Asset Value ^(a)				
TexasDAILY	12,963,749			
TexSTAR	78,179			
Money Market	31,201,333			
Total Investments Measured at the NAV	44,243,261			
Investments Measured at Amortized Cost				
TexPool	60,325,334			
Investments Measured at Amortized Cost	60,325,334			
Total Investments	\$ 1,051,133,419			

^(a) Certain investments that are measured using the net asset value per share or its equivalent have not been classified in the fair value hierarchy. The fair value amounts included above approximated net asset value for all related external investment pool balances.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying Statements of Net Position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques for the year ended August 31, 2022.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

NOTE 2. CASH AND INVESTMENTS (continued)

	Fair Value at 08/31/2022	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
TexasDAILY	\$ 12,963,749	Daily	Same Day
TexSTAR	78,179	Daily	Same Day
Money Market	31,201,333	Daily	Same Day
Total Investments Measured at the NAV	<u>\$ 44,243,261</u>		

Investment in State Investment Pools

During the year, the City invested in multiple local government investment pools, including TexSTAR, TexPool, and TexasDAILY. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Unrealized Gains (Losses)

GASB Statement No. 72 requires that entities value their portfolios at fair value and report a corresponding unrealized gain or loss. The intent is to provide the user of the financial report with information related to the potential effect of investment gains and losses. These effects result from changes in market interest rates. Adverse effects may result during periods of rising interest rates if an entity is required to sell fixed term debt securities prior to maturity. As of August 31, 2022, the City recorded \$28.4 million in unrealized loss as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Interest Revenue - Leases	\$ 260,046	\$ 4,145,380	\$ 4,405,426
Interest Revenue - Investment	3,310,150	2,260,491	5,570,641
	3,570,196	6,405,871	9,976,067
Unrealized Loss ^(a)	(21,125,807)	(7,319,846)	(28,445,653)
Total Investment Earnings	<u>\$ (17,555,611)</u>	<u>\$ (913,975)</u>	<u>\$ (18,469,586)</u>

(a) This is a loss that would happen if the City were required to sell all fixed term debt securities prior to maturity. That is not the City's intent.

Deposits, Cash Equivalents, Investments and Security Lending - Component Unit - CERT

The CERT's cash equivalents and investments are managed by various investment managers who have discretionary authority over the assets managed by them, within the investment guidelines established by the Board, under contracts with the CERT. The cash equivalents and investments are held by the CERT's custodian in the CERT's name. The cash equivalents and investments are uninsured and generally consist of short-term securities, U.S. and foreign government securities, domestic and foreign corporate debt and equity securities, real estate trusts and financial derivatives. Certain investment managers have invested in certain bank collective investment funds, which invest primarily

NOTE 2. CASH AND INVESTMENTS (continued)

in U.S. corporate stocks and government bonds. The bank collective funds may also invest in foreign exchange contracts, stock index futures and temporary collective investment funds and may enter into collateralized securities lending transactions. Certain investment managers also invest in private equity limited partnerships.

Through adherence to the CERT's Investment Rules and Regulations, management attempts to limit or mitigate certain risks. Certain of these requirements are listed below.

Large Cap Index Equity Managers - Investment is passively managed and is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are S&P 500 Index or Russell 1000 commingled funds or exchange traded funds (ETFs).

Large Cap Managers - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will actively allocate assets across the equity, fixed income and cash markets of the U.S. The assets of the portfolio may be invested in securities, derivatives and a combination of other collective funds. Long and short positions in financial futures, options on financial futures, index options, exchange-traded options and over-the-counter options may be used.

Small/Mid Cap Equity Managers - Under current policies, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than \$100 million and under \$5 billion; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, as well as real estate investment trusts (REITs), preferred stocks, convertible securities, American depository receipts (ADRs) of non-U.S. issuers, publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (ETFs), futures and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted.

All Cap Equity Managers - The portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations that span the broad equity market in a concentrated manner, generally with 20-80 holdings. The portfolio may invest in publicly traded stocks of U.S. corporations, ADRs, publicly traded stocks of foreign corporations, ETFs and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted. No All Cap Equity was held at August 31, 2022.

International Equity-Developed Country Index Managers - Investment is passively managed and is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are MSCI EAFE Index commingled funds or ETFs. No International Equity-Developed Country Index was held at August 31, 2022.

International Equity-All Country Managers - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will invest primarily in equity-related securities of issuers that are located in, or that do significant business in countries other than the United States, including emerging market countries. The portfolio will invest

NOTE 2. CASH AND INVESTMENTS (continued)

in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum emerging markets weight is the MSCI ACWI ex-US IMI Index weight plus 15%. No International Equity-All Country was held at August 31, 2022.

International Equity-Emerging Markets Managers - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 20% in any one country. No International Equity-Emerging Markets was held at August 31, 2022.

International Equity-All Country Small Cap Managers - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging market weight is the MSCI ACWI ex-US Small Cap Index weight plus 15%. No International Equity-All Country Small Cap was held at August 31, 2022.

International Equity-All Country ex-U.S. Investable Markets Index Managers - This investment will be passively managed. Permissible investments are MSCI ACWI ex-U.S. IMI Index commingled funds or EFTs. As such, the investment guidelines will be governed by the fund's governing documents.

International Equity-All Country ex-U.S. Investable Markets Managers - This investment will be made using a commingled fund. As such, the investment guidelines will be governed by the fund's governing documents. The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in, or that do significant business in, countries other than the United States, including emerging market countries.

Fixed Income Core Index Managers - Investments are passively managed and are made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. For August 31, 2022 permissible investments are Bloomberg Aggregate Bond Index commingled funds or ETFs.

Fixed Income Core Plus Managers - Under current policies for the year ended August 31, 2022, except for U.S. Treasury, its agencies, agency MBS, and approved derivative products, the fixed income account shall not contain more than 5% of any issuer. The account may invest up to 20% in non-investment grade bonds for the year ended August 31, 2022, defined as bonds that are rated non-investment grade by two of the three major ratings agencies. The dollar weighted credit quality of the account will generally be AA or less, with a minimum dollar weighted-average quality of BBB-. The effective duration of the account should range between +/- 1.5 years for the year ended August 31, 2022. The account will not employ leverage.

NOTE 2. CASH AND INVESTMENTS (continued)

Real Estate Managers - For the year ended August 31, 2022, real estate investments will be diversified to the extent possible by geographic location and property type. For private real estate investments, managers should diversify the portfolio by property type and by various geographic regions of the U.S. Leverage is limited to no more than 30% of the fund.

Private Equity Managers - As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities, the investment guidelines will be determined by the fund-of-funds legal documentation. The pooled/fund-of-funds vehicle should not represent more than 20% of the total fair value of the pooled/fund-of-funds. It is also preferred that this holds true for any other investor in the pooled/fund-of-funds. The manager of the fund-of-funds vehicle shall be a bank or a registered advisor under the *Investment Advisors Act of 1940*. If the fund-of-funds provides the option of receiving distributions in cash or securities, the CERT will opt to receive cash.

The following was the CERT Board’s adopted asset allocation policy as of August 31, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	31%
International Equity	21%
Fixed Income	24%
Real Estate	10%
Private Equity	13%
Cash	1%
	<u>100%</u>

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The CERT’s investment policy does not specifically address custodial credit risk for deposits. As of August 31, 2022, the CERT holds no deposits.

Investments

Interest rate risk is the risk that the fair value of securities will fall due to changes in market interest rates. The CERT’s policy is to minimize interest rate risk by structuring the investment portfolio so that the duration securities are held and the coupon rates of such are appropriately diversified.

As of August 31, 2022, the CERT had the following investments subject to interest rate risk:

NOTE 2. CASH AND INVESTMENTS (continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in Years)</u>
Cash Equivalents (Money Market Funds)	\$ 16,371,921	0.08
Bank Collective Investment Funds	435,935,431	—
Commingled Funds	151,225,313	—
Total Fair Value	<u>\$ 603,532,665</u>	
Portfolio Weighted Average Maturity		<u>—</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Nationally-recognized statistical rating organizations assign ratings to measure credit risk. These rating agencies assess a firm's or government's willingness and ability to repay its debt obligations based on many factors.

The CERT employs one core bond manager that primarily invests in U.S. fixed income and non-U.S. fixed income securities. The CERT also invests in two commingled funds, one passive core fixed income index fund and one opportunistic fixed income fund. The investment management agreement between the CERT and its core bond manager contains specific guidelines that identify permitted fixed income investments.

For the year ended August 31, 2022, the CERT's investment policy indicates that the fixed income core plus manager may invest up to 35% of net assets in non-investment grade bonds, at time of purchase. The fixed income core plus portfolio obligations will generally have a dollar weighted average credit quality of generally AA or less, with a minimum dollar weighted average credit quality of BBB-.

The following table identifies the credit quality of the CERT's fixed income strategies based on portfolio holdings as of August 31, 2022.

<u>S&P Quality Rating</u>	<u>Total Fair Value</u>	<u>Corporates (a)</u>	<u>Government & Agency Obligations (b)</u>
A+	\$ 435,935,431	\$ —	\$ 435,935,431
NR	151,225,313	151,225,313	—
Total	<u>\$ 587,160,744</u>	<u>\$ 151,225,313</u>	<u>\$ 435,935,431</u>

(a) Corporate Bonds might include convertible preferred stocks and convertible preferred bonds

(b) Includes international and municipal holdings

At August 31, 2022, the CERT held various bond instruments in the aggregate fair value of \$587,160,744. Fixed income core plus portfolios held bond instruments with ratings of BBB or better by Standard & Poor's. Approximately 26% of the portfolio was of non-investment grade bonds as of August 31, 2022.

Concentration of credit risk is the risk of loss attributed to the magnitude of the CERT's investment in a single issuer. The CERT's investment policy does not allow for the investment portfolio to hold

NOTE 2. CASH AND INVESTMENTS (continued)

more than 10% in any one company. The following table presents the fair value of investments that represents 5% or more of the CERT's net position at August 31, 2022.

These investments were in bank collective investment and commingled funds, which consist of diversified portfolios of investments as described above, and none of these investments consist of any one company holding 5% or more of the total investment.

August 31, 2022	Shares/Par Value	Fair Value (Dollars)
BNYMM DB SL SCWI_EX US IMI		
Mellon Capital Management Corporation	8,146,022	\$ 65,286,845
Mellon DB SL Stock Index Fund		
Mellon Capital Management Corporation	15,082	91,812,088
MCM Dynamic U.S. Equity Fund		
Mellon Capital Management Corporation	164,253	79,404,909
EB MCM Aggregate Bond Index Fund		
Mellon Capital Management Corporation	194,486	101,965,171
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,883,178	52,451,058
Wellington Fund		
Wellington Capital Management	4,566,390	52,467,826
Arrowstreet International Equity ACWI EX US CIT Class A		
Arrowstreet CIT	353,797	51,375,537

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The CERT's investment policy allows 18% - 24% of equity securities to be invested in foreign markets. The CERT's exposure to foreign currency risk at August 31, 2022 was as follows:

Local Currency Name	Equity
Australian Dollar	\$ 4,298,165
Brazilian Real	2,170,576
British Pound	12,543,008
Canadian Dollar	9,537,484
Chilean Peso	116,465
Chinese Renminbi	6,388,621
Colombian Peso	29,011
Czech Koruna	25,764
Danish Krone	3,058,855
Egyptian Pound	17,849
Euro Currency Unit	31,149,165
Hong Kong Dollar	6,059,607
Hungarian Forint	30,901
India Rupee	3,703,012
Indonesian Rupiah	950,601
Israeli Shekel	1,279,557
Japanese Yen	21,205,714
Jordan Dinar	6,175

NOTE 2. CASH AND INVESTMENTS (continued)

Kuwaiti Dinar	171,286
Malaysian Ringgit	327,642
Mexican Peso	375,230
New Zealand Dollar	136,220
Norwegian Krone	917,729
Pakistani Rupee	128
Peru Sol	3
Philippine Peso	150,109
Polish Zloty	120,056
Qatari Riyal	219,678
Russian Ruble	447,352
Saudi Arabia Riyal	843,277
Singapore Dollar	583,333
South African Rand	1,642,963
South Korean Won	5,882,149
Swedish Krona	2,961,929
Swiss Franc	5,879,165
Taiwanese Dollar	7,342,576
Thai Baht	438,464
Turkish Lira	90,300
United Arab Emirates Dirham	235,197
	\$ 131,335,316

Rate of Return

For the year ended August 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was (9.37)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Disclosures about Fair Value of Assets

GASB Statement No. 72, *Fair Value Measurements and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1** Inputs to the valuation methodology is unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2** Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

NOTE 2. CASH AND INVESTMENTS (continued)

Level 3 Inputs to the valuation methodology are inputs that are unobservable and significant to the fair value measurement.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2022:

	Fair Value Measurements Using		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at NAV (a)			
Bank Collective Investment Funds			
Large Cap Index	\$ 144,263,146		
Large Cap Dynamic	79,404,909		
Small/Mid Cap Equity	95,605,994		
International Equity Developed	116,661,382		
Total Bank Collective Investment Funds	<u>435,935,431</u>		
Commingled Funds - Fixed Income			
Fixed Income Core Index	<u>151,225,313</u>		
Commingled Funds - Corporate Stocks			
Fixed Income Core Index	<u>52,467,826</u>		
Real Estate			
Private Real Estate	<u>108,186,000</u>		
Private Equity Investment	<u>141,925,312</u>		
Total Investments Measured at NAV	<u>\$ 889,739,882</u>		

(a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying Statements of Fiduciary Net Position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2022.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

The valuation method for investments measured at NAV per share (or its equivalent) is presented on the following table:

NOTE 2. CASH AND INVESTMENTS (continued)

Investments Measured at NAV	Fair Value at 08/31/2022	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Large Cap Index	\$ 144,263,146	\$ —	Daily	1 Day
Large Cap Dynamic	79,404,909	—	Daily	Daily
Small/Mid Cap Equity	95,605,994	—	Daily	Daily
International Equity - Developed	116,661,382	—	Daily	2 Days
Fixed Income Core Index	203,693,139	—	Daily	2 Days
Private Real Estate	108,186,000	—	Daily	90 Days
Private Equity Investments	141,925,312	114,705,263	Daily	5 Days
Total Investments Measured at the NAV	<u>\$ 889,739,882</u>	<u>\$ 114,705,263</u>		

Cash and Cash Equivalents, Investments, and Securities Lending - Component Unit - FPPF**Cash and Cash Equivalents**

Cash and cash equivalents consists of cash and short-term investments held by the Custodian. Custodial risk for cash and cash equivalents is the risk that in the event of bank failure, the FPPF's deposits may not be returned. The FPPF does not have a deposit policy for custodial credit risk; however, management believes that the FPPF's credit risk exposure for amounts not covered by federal depository insurance is mitigated by the financial strength of the banking institution in which the deposits are held.

Investments

The FPPF Board of Trustees has adopted an investment policy and has the authority to establish or amend the policy, with the objective to invest the FPPF's assets in a manner consistent with generally accepted standards of fiduciary responsibility. Safety of principal is emphasized and the FPPF's objective is to be diversified. The FPPF's investment policy was updated during August 2021 with adjustments to the allowable ranges for certain investment classes.

The FPPF's investments are managed by various investment managers who have discretionary authority over the assets managed by them under contract with the FPPF and within the investment guidelines established by the Board of Trustees. The investments of the FPPF are held by the FPPF's custodian and are accessible by the investment managers. The investments generally consist of short-term securities, U.S. and foreign government securities, and domestic and foreign corporate debt and equity securities.

The FPPF Board of Trustees has adopted the following asset allocations as part of the FPPF's investment policy:

<u>Asset Classification</u>	<u>Allowable Range</u>	<u>Target Percentage</u>
Large Cap Domestic Equity	15% - 25%	19.25%
Small Cap Domestic Equity	5% - 15%	8.25%
International Equity	20% - 30%	22.50%
Emerging Markets Equity	4% - 9%	5.00%
Private Equity	5% - 20%	15.00%
Real Estate - Assets	0% - 15%	10.00%
Fixed Income	15% - 30%	20.00%
Cash Equivalents	0% - 5%	0.00%

NOTE 2. CASH AND INVESTMENTS (continued)

Management attempts to limit or mitigate certain risks through adherence to the FPPF's investment policy. The investment policy includes the following requirements:

Domestic Large Cap Equity Portfolio - The annual standard deviation of returns for the FPPF's domestic large cap equity portfolio, if actively managed, is not expected to exceed 1.25 times the annual standard deviation of the S&P 500 Index. If passively managed, it is not expected to exceed 1.1 times the annual standard deviation of the S&P 500 Index.

Domestic Small Cap Equity Portfolio - The annual standard deviation of returns for the FPPF's domestic small cap equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the Russell 2000 Index.

International Equity Portfolio - The annual standard deviation of returns for the FPPF's international equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the International Equity Benchmark Index.

Emerging Markets Equity Portfolio - The annual standard deviation of returns for the FPPF's emerging markets equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the Emerging Markets Equity Benchmark Index.

Domestic Fixed Income Portfolio - The annual standard deviation of returns for the FPPF's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index. If passively managed, the portfolio is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

Real Estate Portfolio - The annual standard deviation of returns for the FPPF's real estate portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the NCREIF Index.

Private Equity Portfolio - The annual standard deviation for the FPPF's private equity portfolio is not to exceed 1.5 times the annual standard deviation of the S&P 500 returns.

Domestic Cash Equivalents Investments - The risk objective shall be to stay within an acceptable risk level, as measured by standard deviations, which is equal to that of the 91-day Treasury Bill rate.

Concentration of Credit Risk - The asset allocations in the FPPF's investment policy contain guideline percentages of the FPPF's investment portfolio to be invested by asset classification, at fair value. Actual asset allocations will be dictated by current and anticipated market conditions, the actions of the Board of Trustees and required cash flows to and from the FPPF. As of December 31, 2021, the FPPF has five investment holdings in excess of 5% of the FPPF's fiduciary net position. These are funds holding hundreds of domestic or international equity securities.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a custodial counterparty, the FPPF will not be able to recover the value of its investment or collateral securities that are in the possession of the custodian. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the FPPF, and are held by either the counterparty or the counterparty's trust department or agent but not in the FPPF's name. As of December 31, 2021, the FPPF's security investments that are not subject to custodial credit risk consisted of investments not registered on an exchange. The FPPF's investments are held in their name.

NOTE 2. CASH AND INVESTMENTS (continued)

Credit Risk - Credit risk is the risk that the issuer of securities or another counterparty to an investment may be unable to fulfill its payments on a security under the original term. The FPPF's investment policy prohibits investments in private placement debt securities and prohibits concentrations of fixed income investments of more than 10% with any one issuer other than the U.S. Government. As of December 31, 2021, the FPPF fixed income portfolio had the following credit ratings:

AAA	\$	95,794,982
AA		37,725,579
A		51,106,600
BAA		60,464,426
BBB		4,047,251
BB		1,333,774
B		444,591
Below B		1,111,478
Committed Cash		358,083
Not Rated		119,932,256
	\$	<u>372,319,020</u> ^(a)

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. In accordance with the investment policy, the Board of Trustees provides each of the FPPF's investment managers with a set of investment guidelines. These guidelines specify the following:

- The return objective for the Domestic Core Fixed Income Portfolio, if actively managed, is to exceed by 0.75% per year the return of the Lehman Brothers Aggregate Bond Index.
- The return objective for the Domestic Core Fixed Income Portfolio, if passively managed, is to approximate the return of the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the FPPF's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.
- The risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the FPPF's domestic fixed income portfolio, if passively managed, is not expected to exceed 1.2 times the annual standard deviation of the returns for the Lehman Brothers Aggregate Bond Index.

NOTE 2. CASH AND INVESTMENTS (continued)

As of December 31, 2021, the FPPF fixed income portfolio had the following investment maturities:

Less than 1 year	\$	376,139
1 - 3 years		16,059,884
3 - 5 years		72,501,563
5 - 7 years		111,302,872
7 - 10 years		4,516,671
10 - 20 years		25,116,799
20 - 30 years		22,127,672
Over 30 years		385,164
No Contractual Maturity		119,932,256
	<u>\$</u>	<u>372,319,020</u> ^(a)

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

The FPPF's exposure to foreign currency risk as of December 31, 2021, converted to United States Dollars, was follows:

<u>Investment</u>	<u>Currency</u>	<u>Total</u>
Limited Partnerships	European Union Euro	\$ 14,440,875

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the FPPF has the ability to access.
- Level 2** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 2. CASH AND INVESTMENTS (continued)

The following table discloses the FPPF's assets fair value measurements by level as of December 31, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Equities				
Information Technology	\$ 78,988,078	\$ 78,988,078	\$ —	\$ —
Manufacturing	75,951,442	75,951,442	—	—
Healthcare	71,432,240	71,432,240	—	—
Consumer Spending	63,431,485	63,431,485	—	—
Financial Services	58,521,544	58,521,544	—	—
Commercial Services	34,675,853	34,675,853	—	—
Real Estate	6,169,644	6,169,644	—	—
Oil and Gas	10,409,830	10,409,830	—	—
	<u>399,580,116</u>	<u>399,580,116</u>	<u>—</u>	<u>—</u>
Real Estate				
Real Estate Equities	62,343,601	62,343,601	—	—
Real Estate Limited Partnerships	10,017,471	—	—	10,017,471
	<u>72,361,072</u>	<u>62,343,601</u>	<u>—</u>	<u>10,017,471</u>
International Equities				
Private Equity Funds	191,482,842	191,482,842	—	—
Securities Lending Collateral	3,177,912	—	—	3,177,912
	<u>68,376,468</u>	<u>68,376,468</u>	<u>—</u>	<u>—</u>
	<u>734,978,410</u>	<u>\$ 721,783,027</u>	<u>\$ —</u>	<u>\$ 13,195,383</u>
Investments Measured at NAV				
Commingled Fixed Income Fund	372,319,020			
International Equity Funds	330,134,486			
Private Equity Funds	295,378,280			
Domestic Equities Fund	221,290,245			
Real Estate Limited Partnerships	78,611,748			
	<u>1,297,733,779</u>			
Total Investments Measured at Fair Value	<u>\$ 2,032,712,189</u>	^(a)		

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

The valuation method for investments measured at NAV practical equivalent is presented as follows:

Investments Measured at NAV	Fair Value at 12/31/2021	Redemption Frequency	Required Redemption Notice
Fixed Income Securities Funds	\$ 372,319,020	Daily	1 day
International Equity Funds	330,134,486	Daily	1 day
Private Equity Funds	295,378,280	Not redeemable	Not redeemable
Domestic Equities Funds	221,290,245	Daily	1 day
Private Real Estate Funds	78,611,748	Quarterly	45 days
	<u>\$ 1,297,733,779</u>	^(a)	

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

NOTE 2. CASH AND INVESTMENTS (continued)

For Level 3 investments, the investment managers within each investment class determine the fair value of the underlying investments of the collective fund or limited partnership then allocate fair value to the FPPF based on the percentage of the FPPF's ownership percentage. In some instances, due to timing of reports from each manager, the fair value of the FPPF's investments is adjusted by the incoming and outgoing cash flows for each fund. Upon termination of partnership agreement, the FPPF will receive its original investments plus or minus any unrealized gains or losses at the time of liquidation. The partnerships have various termination dates through 2031.

International Equity Funds - International equity funds include three investments with fund managers who focus on international equities. These funds focus on activity in separate areas of the international market, including emerging markets equity, international developed value equity, and international developed growth equity, respectively; they follow the specified index as described in their respective agreements. The three funds report fair value at NAV as a practical equivalent. All three investments allow for daily redemptions with a one-day written notice. One investment has a maximum of 10 days before the redemption proceeds can be received.

Commingled Fixed Income Fund - Commingled fixed income fund consists of a single investment that focuses on fixed income securities. The fund manager has the ability to invest in a variety of industry spaces, such as government and corporate bonds, and across a multitude of countries, both developed and emerging market, as outlined in the investment guidelines. The investment agreement allows daily redemptions with a one-day written notice. There is no restriction period related to redemption payments.

Private Equity Funds - Private equity funds consist of investments in limited partnerships. The partnerships qualify as investment companies and are valued at NAV. The investment managers within each investment class determine the NAV of the underlying investments of the limited partnership then allocate the NAV to the FPPF based on the percentage of the FPPF's ownership percentage. Investments in these private equity funds are not eligible for redemption. Upon termination of partnership agreement, the FPPF will receive its original investments plus or minus any unrealized gains or losses at the time of liquidation.

Private Real Estate Fund - The private real estate fund consists of a real estate fund that generally invests in residential, office, retail, and industrial real estate. NAV is used in the measurement of the fair value of this investment. There are quarterly redemptions that require a 45-day written notice, depending on the fund. There are no lockup periods on these investments.

Money-Weighted Rate of Return - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested during the year. For the year ended December 31, 2021, the annual money-weighted rate of return on the FPPF's investments was 16.2%.

Unfunded Commitments - As of December 31, 2021, the FPPF has unfunded capital commitments to private equities and real estate limited partnerships totaling \$128 million.

NOTE 2. CASH AND INVESTMENTS (continued)

Securities Lending

The FPPF is authorized to enter into securities lending transactions under Texas State Statutes Section 2256.0015. The FPPF has a securities lending agreement with the Custodian under which FPPF-owned investments are lent to one or more approved borrowers for a fee. The Custodian, as lending agent, is responsible for collecting required collateral in the form of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by banks independent of the borrowers. The lending agent is authorized to enter into securities lending transactions of U.S. and non-U.S. securities in accordance with the terms of a securities lending authorization agreement.

The lending agent has indemnified the FPPF harmless from any losses, damages, costs or expenses the FPPF may incur if the lending agent is unable to recover borrowed securities or distributions made during the term of the loans with respect to those securities as a result of the lending agent's failure to make a reasonable determination of the creditworthiness of a borrower, demand adequate and appropriate collateral on a timely basis or to perform its duties under the agreement with the FPPF. The agreement states that collateral must have a market value equal to no less than 100% of the market value of the borrowed securities.

Each business day, the lending agent and the FPPF determine the market value of the collateral and the borrowed securities. The FPPF's security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2021, the FPPF's securities lending obligation exceeded the fair value of the underlying securities.

The following table summarizes the fair value measurements of lent securities, cash collateral received, and the fair value of the reinvested cash collateral as of December 31, 2021:

Securities Lent	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Domestic Equities	\$ 66,530,914	\$ 68,339,532	\$ 68,376,468 ^(a)

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

As of December 31, 2021, the FPPF also holds securities collateral that cannot be pledged or sold absent a borrower's default totaling \$7,193,310. The securities collateral consists of U.S. Treasury Bills, U.S. Treasury Notes, and U.S. Treasury Bonds. There were no losses from securities lending transactions during the year ended December 31, 2021 resulting from a default of a borrower or the lending agent.

NOTE 3. PROPERTY TAXES

The City's property tax is levied every October 1st on the assessed value listed as of January 1st for all real and personal property located in the City. A receivable for property taxes is recognized and recorded at the levy date. The assessed value at the time of levy (October 2021) was \$39,903,402,365.

Taxes are due by January 31st following the October 1st levy date. As of the end of the fiscal year, 98.6% of the adjusted tax levy was collected. The statutory lien date is January 1st.

The methods of property assessment and tax collection are determined by Texas statute. The statutes provide for a property tax code, county-wide appraisal districts and certain exemptions from taxation, such as intangible personal property, household goods and family-owned automobiles.

The appraisal of property within the City is the responsibility of the El Paso Central Appraisal District. The El Paso Central Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may require more frequent reviews of appraised values at its own expense. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

In the summer of 2019, the Texas Property Tax Reform and Transparency Act was passed by the Texas Legislature, also known as Senate Bill 2 (SB2). This bill reforms the system of property taxation in three primary ways: (1) lowering the tax rate a taxing unit can adopt without voter approval and requiring a mandatory election to go above the lowered rate; (2) making numerous changes to the procedure by which a city adopts a tax rate; and (3) making several changes to the property tax appraisal process.

Through a contractual arrangement, the City also bills and collects property taxes for several other governmental entities. The City is permitted by Article 11, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. Under the City Charter, a limit on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.85 per \$100 assessed valuation. The tax rate to finance general governmental purposes, other than the payment of principal and interest on general obligation long-term debt, for the year ended August 31, 2022, was \$0.621636 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$1.228364 per \$100 assessed valuation and could levy \$635,541,090 in additional taxes from the assessed valuation of \$39,903,402,365 before the state legislative limit is reached.

The current total tax rate is \$0.907301 per \$100 assessed valuation, of which \$0.621636 is used for general governmental purposes and \$0.285665 is used for payment of long-term obligations.

Property taxes that are measurable and available are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded net of estimated uncollectible

NOTE 3. PROPERTY TAXES (continued)

amounts, as deferred inflows of resources. Such deferred inflows of resources are recognized as revenue in the fiscal year in which they become available.

The balance of delinquent property taxes receivable and property tax assessments included in deferred inflows at August 31, 2022, is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Property Taxes Receivable	\$ 13,089,311	\$ 6,276,515
Less Allowance for Uncollectibles	<u>(2,247,899)</u>	<u>(1,077,900)</u>
Net Property Taxes Receivable	<u>10,841,412</u>	<u>5,198,615</u>
Deferred Property Taxes	<u>10,364,225</u>	<u>4,972,809</u>
Net Property Tax Recognized-60 Days	<u>\$ 477,187</u>	<u>\$ 225,806</u>

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2022

NOTE 4. RECEIVABLES

Receivables as of year end for the City’s individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities								
	General Fund	Community Development Block Grants Fund	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds	Internal Service Funds	Total
Property Taxes	\$ 13,089,311	\$ —	\$ 6,276,515	\$ —	\$ —	\$ —	\$ —	\$ 19,365,826
Sales Taxes	21,632,045	—	—	—	—	—	—	21,632,045
Hotel Occupancy Taxes	—	—	—	773,235	—	2,010,354	—	2,783,589
Trade	6,031,256	3,345	1,309	2,264,389	12,922	979,770	22,204	9,315,195
Interest	322,819	224,519	161,994	893,955	178,682	327,755	84,155	2,193,879
Due from Other Government Agencies	836,093	3,017,542	—	3,446,522	5,149,468	6,015,543	—	18,465,168
Due from Component Unit	3,251,999	—	—	1,035,680	—	2,469,149	—	6,756,828
Notes Receivable - Economic Development	1,900,000	—	—	—	—	—	—	1,900,000
Notes Receivable - Low Income Housing Loans	—	66,421,672	—	—	—	2,624,435	—	69,046,107
Other	12,045,891	—	—	—	3,262,176	8,462,720	—	23,770,787
Gross Receivables	59,109,414	69,667,078	6,439,818	8,413,781	8,603,248	22,889,726	106,359	175,229,424
Less: Allowance for Doubtful Accounts	(5,501,595)	(30,443,176)	(1,077,900)	(128,874)	—	(394,741)	(2,422)	(37,548,708)
Net Receivables	\$ 53,607,819	\$ 39,223,902	\$ 5,361,918	\$ 8,284,907	\$ 8,603,248	\$ 22,494,985	\$ 103,937	\$ 137,680,716

Business-Type Activities						
	El Paso International Airport	Environmental Services	Mass Transit	International Bridges	Tax Office	Total
Sales Taxes	\$ —	\$ —	\$ 10,316,971	\$ —	\$ —	\$ 10,316,971
Trade	8,491,375	3,023,345	199,323	14,721	207	11,728,971
Interest	153,524	138,917	117,986	37,492	4,141	452,060
Due from Other Government Agencies	4,715,693	240,696	16,536,981	—	790	21,494,160
Due from Component Unit	—	8,606,931	—	—	—	8,606,931
Gross Receivables	13,360,592	12,009,889	27,171,261	52,213	5,138	52,599,093
Less: Allowance for Doubtful Accounts	(4,541,049)	(1,741,125)	(96,147)	—	—	(6,378,321)
Net Receivables	\$ 8,819,543	\$ 10,268,764	\$ 27,075,114	\$ 52,213	\$ 5,138	\$ 46,220,772

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2022 for the government-wide financial statements was as follows:

	Balance August 31, 2021	Transfers	Additions	Reductions	Balance August 31, 2022
Governmental Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 222,512,393	\$ 70,963	\$ 1,355,788	\$ —	\$ 223,939,144
Construction in Progress	317,887,198	(39,500,904)	102,359,418	—	380,745,712
Total Capital Assets not Being Depreciated	<u>540,399,591</u>	<u>(39,429,941)</u>	<u>103,715,206</u>	<u>—</u>	<u>604,684,856</u>
Capital Assets Being Depreciated/ Amortized:					
Intangibles	4,230,682	—	748,312	—	4,978,994
Buildings	568,766,491	16,293,615	3,619,727	(13,352,565)	575,327,268
Improvements other than Buildings	169,993,621	13,716,866	—	(350,143)	183,360,344
Right-to-use Lease Assets	—	—	11,382,302	—	11,382,302
Vehicles and Major Equipment	152,311,926	156,043	5,048,937	(915,495)	156,601,411
Data Processing Equipment and Software	36,582,737	110,756	—	—	36,693,493
Infrastructure	592,123,589	9,278,252	—	—	601,401,841
Total Capital Assets, Being Depreciated/ Amortized	<u>1,524,009,046</u>	<u>39,555,532</u>	<u>20,799,278</u>	<u>(14,618,203)</u>	<u>1,569,745,653</u>
Less Accumulated Depreciation/ Amortization for:					
Intangibles	1,757,814	—	658,172	—	2,415,986
Buildings	250,450,087	—	17,839,409	(8,149,690)	260,139,806
Improvements other than Buildings	43,823,578	—	6,662,627	(26,261)	50,459,944
Right-to-use Lease Assets	—	—	1,341,583	—	1,341,583
Vehicles and Major Equipment	99,713,155	283,477	12,790,517	(876,127)	111,911,022
Data Processing Equipment and Software	21,868,364	—	1,713,290	—	23,581,654
Infrastructure	209,496,825	—	15,472,932	—	224,969,757
Total Accumulated Depreciation/ Amortization	<u>627,109,823</u>	<u>283,477</u>	<u>56,478,530</u>	<u>(9,052,078)</u>	<u>674,819,752</u>
Total Capital Assets, Being Depreciated/ Amortized, Net	<u>896,899,223</u>	<u>39,272,055</u>	<u>(35,679,252)</u>	<u>(5,566,125)</u>	<u>894,925,901</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,437,298,814</u>	<u>\$ (157,886)</u>	<u>\$ 68,035,954</u>	<u>\$ (5,566,125)</u>	<u>\$ 1,499,610,757</u>

The capital assets belonging to Internal Service Funds are included in governmental activities. In fiscal year 2022, Internal Service Funds had no capital additions or reductions, resulting in a total cost of \$686,724. Depreciation expense of \$40,342 resulted in an ending accumulated depreciation balance of \$635,369, with a net book value of \$51,355.

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2022

NOTE 5. CAPITAL ASSETS (continued)

<u>Function/Program</u>	<u>Total</u>
Community and Human Development	\$ 756,446
Culture and Recreation	12,930,419
General Government	2,878,234
Public Health	1,766,868
Public Safety	5,162,976
Public Works	32,943,245
Total Depreciation/Amortization Expense- Governmental Activities	56,438,188
Internal Service Funds	40,342
Depreciation/ Amortization Expense	<u>\$ 56,478,530</u>

	<u>Balance August 31, 2021</u>	<u>Transfers</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2022</u>
Business-Type Activities:					
El Paso International Airport					
Capital Assets not Being Depreciated:					
Land	\$ 1,377,611	\$ —	\$ —	\$ —	\$ 1,377,611
Artwork	979,637	—	—	—	979,637
Construction in Progress	9,178,971	(9,603,885)	12,797,957	(340,512)	12,032,531
Total Capital Assets not Being Depreciated	11,536,219	(9,603,885)	12,797,957	(340,512)	14,389,779
Capital Assets Being Depreciated:					
Buildings	215,371,728	2,494,862	—	—	217,866,590
Improvements Other than Buildings	381,185,106	7,109,023	—	—	388,294,129
Vehicles and Major Equipment	20,189,424	—	508,792	—	20,698,216
Total Capital Assets Being Depreciated	616,746,258	9,603,885	508,792	—	626,858,935
Less Accumulated Depreciation for:					
Buildings	112,455,125	—	6,789,648	—	119,244,773
Improvements Other than Buildings	223,132,707	—	11,996,943	—	235,129,650
Vehicles and Major Equipment	17,530,100	—	837,505	—	18,367,605
Total Accumulated Depreciation	353,117,932	—	19,624,096	—	372,742,028
Total Capital Assets, Being Depreciated, Net	263,628,326	9,603,885	(19,115,304)	—	254,116,907
El Paso International Airport Capital Assets, Net	<u>\$ 275,164,545</u>	<u>\$ —</u>	<u>\$ (6,317,347)</u>	<u>\$ (340,512)</u>	<u>\$ 268,506,686</u>
Environmental Services					
Capital Assets not Being Depreciated:					
Land	\$ 6,887,813	\$ —	\$ —	\$ —	\$ 6,887,813
Construction in Progress	3,400,773	—	4,260,042	—	7,660,815
Total Capital Assets not Being Depreciated	10,288,586	—	4,260,042	—	14,548,628
Capital Assets Being Depreciated:					
Buildings	6,629,729	—	—	—	6,629,729
Improvements Other than Buildings	40,784,935	—	—	—	40,784,935
Vehicles and Major Equipment	89,868,327	(585,934)	6,226,948	(5,282,684)	90,226,657
Total Capital Assets Being Depreciated	137,282,991	(585,934)	6,226,948	(5,282,684)	137,641,321
Less Accumulated Depreciation for:					
Buildings	1,781,221	—	130,679	—	1,911,900
Improvements Other than Buildings	30,628,745	—	1,252,119	—	31,880,864
Vehicles and Major Equipment	62,160,369	(391,481)	5,992,224	(5,282,684)	62,478,428
Total Accumulated Depreciation	94,570,335	(391,481)	7,375,022	(5,282,684)	96,271,192
Total Capital Assets, Being Depreciated, Net	42,712,656	(194,453)	(1,148,074)	—	41,370,129
Environmental Services Capital Assets, Net	<u>\$ 53,001,242</u>	<u>\$ (194,453)</u>	<u>\$ 3,111,968</u>	<u>\$ —</u>	<u>\$ 55,918,757</u>

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2021	Transfers	Additions	Reductions	Balance August 31, 2022
Mass Transit					
Capital Assets not Being Depreciated:					
Land	\$ 11,753,642	\$ —	\$ —	\$ —	\$ 11,753,642
Construction in Progress	8,775,577	—	8,299,607	—	17,075,185
Total Capital Assets not Being Depreciated	<u>20,529,219</u>	<u>—</u>	<u>8,299,607</u>	<u>—</u>	<u>28,828,827</u>
Capital Assets Being Depreciated/Amortized:					
Buildings	121,989,002	—	33,824	—	122,022,826
Improvements Other than Buildings	118,397,903	—	493,108	—	118,891,011
Right-to-use Lease Asset	—	—	2,701,944	—	2,701,944
Vehicles and Major Equipment	149,246,495	460,345	6,095,824	(13,041,573)	142,761,091
Total Capital Assets Being Depreciated/Amortized	<u>389,633,400</u>	<u>460,345</u>	<u>9,324,700</u>	<u>(13,041,573)</u>	<u>386,376,872</u>
Less Accumulated Depreciation/Amortization for:					
Buildings	44,142,881	—	4,002,261	—	48,145,142
Improvements Other than Buildings	38,193,772	—	4,951,664	—	43,145,436
Right-to-use Lease Asset	—	—	92,112	—	92,112
Vehicles and Major Equipment	85,756,036	108,004	7,740,845	(13,041,573)	80,563,312
Total Accumulated Depreciation/Amortization	<u>168,092,689</u>	<u>108,004</u>	<u>16,786,882</u>	<u>(13,041,573)</u>	<u>171,946,002</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>221,540,711</u>	<u>352,341</u>	<u>(7,462,182)</u>	<u>—</u>	<u>214,430,870</u>
Mass Transit Capital Assets, Net	<u>\$ 242,069,930</u>	<u>\$ 352,341</u>	<u>\$ 837,425</u>	<u>\$ —</u>	<u>\$ 243,259,697</u>
International Bridges					
Capital Assets not Being Depreciated:					
Land	\$ 2,469,531	\$ —	\$ —	\$ —	\$ 2,469,531
Construction in Progress	1,318,029	—	1,875	—	1,319,904
Total Capital Assets not Being Depreciated	<u>3,787,560</u>	<u>—</u>	<u>1,875</u>	<u>—</u>	<u>3,789,435</u>
Capital Assets Being Depreciated:					
Improvements Other than Buildings	24,586,964	—	—	—	24,586,964
Vehicles and Major Equipment	6,986,866	—	139,318	—	7,126,184
Total Capital Assets Being Depreciated	<u>31,573,830</u>	<u>—</u>	<u>139,318</u>	<u>—</u>	<u>31,713,148</u>
Less Accumulated Depreciation for:					
Improvements Other than Buildings	12,741,844	—	469,055	—	13,210,899
Vehicles and Major Equipment	6,882,869	—	67,408	—	6,950,277
Total Accumulated Depreciation	<u>19,624,713</u>	<u>—</u>	<u>536,463</u>	<u>—</u>	<u>20,161,176</u>
Total Capital Assets, Being Depreciated, Net	<u>11,949,117</u>	<u>—</u>	<u>(397,145)</u>	<u>—</u>	<u>11,551,972</u>
International Bridges Capital Assets, Net	<u>\$ 15,736,677</u>	<u>\$ —</u>	<u>\$ (395,270)</u>	<u>\$ —</u>	<u>\$ 15,341,407</u>
Tax Office					
Capital Assets Being Depreciated/Amortized:					
Improvements Other than Buildings	\$ 32,500	\$ —	\$ —	\$ —	\$ 32,500
Right-to-use Leased Asset	—	—	1,541,071	—	1,541,071
Vehicles and Major Equipment	78,035	—	15,231	—	93,266
Total Capital Assets Being Depreciated/Amortized	<u>110,535</u>	<u>—</u>	<u>1,556,302</u>	<u>—</u>	<u>1,666,837</u>
Less Accumulated Depreciation/Amortization for:					
Improvements Other than Buildings	25,537	—	3,482	—	29,019
Right-to-use Leased Asset	—	—	143,355	—	143,355
Vehicles and Major Equipment	64,999	—	12,230	—	77,229
Total Accumulated Depreciation/Amortization	<u>90,536</u>	<u>—</u>	<u>159,067</u>	<u>—</u>	<u>249,603</u>
Tax Office Capital Assets, Net	<u>\$ 19,999</u>	<u>\$ —</u>	<u>\$ 1,397,235</u>	<u>\$ —</u>	<u>\$ 1,417,234</u>

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2022

NOTE 5. CAPITAL ASSETS (continued)

	Balance August 31, 2021	Transfers	Additions	Reductions	Balance August 31, 2022
All Business-Type Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 22,488,597	\$ —	\$ —	\$ —	\$ 22,488,597
Artwork	979,637	—	—	—	979,637
Construction in Progress	22,673,350	(9,603,885)	25,359,482	(340,512)	38,088,435
Total Capital Assets not Being Depreciated	46,141,584	(9,603,885)	25,359,482	(340,512)	61,556,669
Capital Assets Being Depreciated/Amortized:					
Buildings	343,990,459	2,494,860	33,826	—	346,519,145
Right-to-use Lease Assets	—	—	4,243,015	—	4,243,015
Improvements Other than Buildings	564,987,408	7,109,023	493,108	—	572,589,539
Vehicles and Major Equipment	266,369,147	(125,589)	12,986,113	(18,324,257)	260,905,414
Total Capital Assets Being Depreciated/Amortized	1,175,347,014	9,478,294	17,756,062	(18,324,257)	1,184,257,113
Less Accumulated Depreciation/Amortization for:					
Buildings	158,379,227	—	10,922,588	—	169,301,815
Improvements Other than Buildings	304,722,605	—	18,673,263	—	323,395,868
Right-to-use Lease Assets	—	—	235,467	—	235,467
Vehicles and Major Equipment	172,394,373	(283,477)	14,650,212	(18,324,257)	168,436,851
Total Accumulated Depreciation/Amortization	635,496,205	(283,477)	44,481,530	(18,324,257)	661,370,001
Total Capital Assets, Being Depreciated/Amortized, Net	539,850,809	9,761,771	(26,725,468)	—	522,887,112
All Business-Type Activities Capital Assets, Net	\$ 585,992,393	\$ 157,886	\$ (1,365,986)	\$ (340,512)	\$ 584,443,781

Depreciation and amortization expense were charged to business-type activities as follows:

Business-Type Activity	Total
International Airport	\$ 19,624,096
Environmental Services	7,375,022
Mass Transit	16,786,882
International Bridges	536,463
Tax Office	159,067
Depreciation/ Amortization Expense	\$ 44,481,530

NOTE 5. CAPITAL ASSETS (continued)

Right-to-use Lease Assets:

Right-to-use	Governmental Activities		Business-Type Activities		Total	
	Right-to-use Lease Asset	Accumulated Amortization	Right-to-use Lease Asset	Accumulated Amortization	Right-to-use Lease Asset	Accumulated Amortization
Lease Land	\$ 292,971	\$ 57,655	\$ —	\$ —	\$ 292,971	\$ 57,655
Lease Land Improvement	35,162	14,651	2,701,944	92,112	2,737,106	106,763
Lease Building	9,847,840	1,195,094	1,541,071	143,355	11,388,911	1,338,449
Lease Equipment	42,566	18,918	—	—	42,566	18,918
Lease IT Equipment	1,163,763	55,265	—	—	1,163,763	55,265
Total	<u>\$ 11,382,302</u>	<u>\$ 1,341,583</u>	<u>\$ 4,243,015</u>	<u>\$ 235,467</u>	<u>\$ 15,625,317</u>	<u>\$ 1,577,050</u>

Construction Commitments

As of August 31, 2022:

	Remaining Commitment	Fund Equity and Other Sources Available
Governmental Funds	\$ 151,768,991	\$ 453,557,256
Proprietary Funds	23,241,342	17,098,091
Total	<u>\$ 175,010,333</u>	<u>\$ 470,655,347</u>

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

Interfund receivable and payable balances at August 31, 2022, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Capital Projects	Economic Development	\$ 3,000,000 (1)
Mass Transit	Capital Projects	1,284,467 (2)
Debt Service	Environmental Services	174,001 (3)
	Nongrants	25,019 (3)
General Fund	Federal Grants	1,355,471 (4)
	State Grants	931,682 (4)
	Public Health	1,665,507 (4)
 Total		 <u>\$ 8,436,147</u>

- (1) 380 Agreement funding
- (2) Unspent proceeds from issuance of debt
- (3) Loan for debt payments
- (4) Loans for pending grant reimbursements

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

B. Transfers

Transfers are made as required by the annual budget resolution or subsequent City Council action. Interfund transfers made during the year were as follows:

Transfer Out:	Transfer In:						Total
	Governmental Activities					Business-Type Activities	
	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Environmental Services	
Governmental Activities:							
General Fund	\$ —	\$ 209,700	\$ 17,469,914	\$ 23,162,901	\$ 133,359	\$ —	\$ 40,975,874
Capital Projects	—	59,145	—	—	—	—	59,145
Nonmajor Governmental Funds	—	1,185,394	1,619,589	4,932,856	—	2,142,409	9,880,248
Total Governmental Activities	—	1,454,239	19,089,503	28,095,757	133,359	2,142,409	50,915,267
Business-Type Activities:							
Environmental Services	16,138,880	—	—	1,999,835	—	—	18,138,715
International Bridges	15,778,828	—	—	—	—	—	15,778,828
Mass Transit	—	—	2,385,539	—	—	—	2,385,539
Total Business-Type Activities	31,917,708	—	2,385,539	1,999,835	—	—	36,303,082
Total	\$ 31,917,708	\$ 1,454,239	\$ 21,475,042	\$ 30,095,592	\$ 133,359	\$ 2,142,409	\$ 87,218,349
Budget Resolution No. 42	\$ 15,778,828						
Environmental Franchise Fee	16,138,880						
Environmental Fee	2,132,408						
Transfer for Debt Service	1,454,239						
Animal Shelter Subsidy from Environmental Services	1,999,835						
Animal Shelter Subsidy from the General Fund	3,892,958						
Transfer to DDC	220,753						
Subsidy for City Wellness Clinic	133,359						
Streets Subsidy	11,106,344						
Transfer of HOT Tax	4,932,856						
Transfer to Council Discretionary Funds	116,255						
Transfer for Capital Projects	19,089,503						
Incentive Agreement Transfers	5,136,484						
Transfer for Lobbyist Funding	151,399						
Water Parks Subsidy	2,538,709						
Asset Acquisition	2,385,539						
Other	10,000						
Total	\$ 87,218,349						

NOTE 7. LEASES**A. Lease Payable**

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City leases nonfinancial assets such as land, land improvements, buildings and equipment and capitalizes the right-to-use asset with an initial individual value of \$5,000 or more. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining noncancellable lease term. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. As of the end of the fiscal year the discount rate used to calculate the net present value for the primary government was 2.47%.

As the lessee, a lease liability and the associated right-to-use lease asset are recognized in the government-wide financial statements. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently the lease asset is amortized on a straight-line basis over its useful life.

The City has obtained office space, parking facilities, equipment and land through long-term leases and office space through two subleases. The terms and conditions for these leases varies. Some leases are fixed, periodic payments over the lease term, which range between 1-30 years. The City has a variety of variable payment clauses, within its lease arrangements, which include payment increases based on the Consumer Price Index (CPI), variable payments based on usage of the underlying asset, and common area maintenance fees. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The outflow of resources recognized as of August 31, 2022 for variable payments not previously included in the measurement of the lease liability are \$54.2 thousand.

The City did not incur expenses related to its leasing activities related to lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include residual value guarantees, sale-leaseback and lease-leaseback transactions. The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets net of accumulated amortization and lease liabilities are reported with long term debt on the statement of net position.

As of August 31, 2022, the principal and interest requirements to maturity for the lease liability are as follows:

NOTE 7. LEASES (continued)

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,250,425	\$ 237,428	\$ 183,216	\$ 98,405	\$ 1,433,641	\$ 335,833
2024	1,220,642	207,062	190,874	93,793	1,411,516	300,855
2025	1,099,009	178,311	198,785	88,990	1,297,794	267,301
2026	1,025,793	151,276	206,956	83,988	1,232,749	235,264
2027	504,074	132,175	215,396	78,781	719,470	210,956
2028-2032	1,933,308	504,830	1,167,251	308,247	3,100,559	813,077
2033-2037	1,873,050	271,327	437,247	209,253	2,310,297	480,580
2038-2042	983,338	96,530	494,660	151,840	1,477,998	248,370
2043-2047	232,820	20,175	559,612	86,888	792,432	107,063
2048-2052	70,244	1,726	413,326	17,674	483,570	19,400
Total	<u>\$ 10,192,703</u>	<u>\$ 1,800,840</u>	<u>\$ 4,067,323</u>	<u>\$ 1,217,859</u>	<u>\$ 14,260,026</u>	<u>\$ 3,018,699</u>

B. Lease Receivable

The City is a lessor of City-owned assets such as buildings, land, land improvements, and infrastructure under various leases, a majority of which are noncancellable and terminate no later than 2072. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund and proprietary fund financial statements. Several leases were prepaid and are recognized as unearned revenue in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City uses its estimated incremental borrowing rate as the discount rate for leases. As of the end of the fiscal year the discount rate used to calculate the net present value for the primary government was 2.47% and 2.84% for the El Paso International Airport. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City's variable payments clause within some lease arrangements, is similar to the arrangements made as lessee, however payment increases can be based on CPI or market value. In addition, certain agreements receive revenue from the operation of concessions which provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum. As of August 31, 2022 the amount of inflows of resources recognized for variable payments not previously included in the measurement of the lease receivable is \$4.0 million.

The City entered into a lease-leaseback transaction with the The City of El Paso Downtown Development Corporation, a component unit of the City relating to the Ballpark. Due to the nature of the transaction that qualifies it as a non-exchange transaction, the lease does not meet the criteria to be included as GASB Statement No. 87.

NOTE 7. LEASES (continued)

The City did not incur revenue related to residual value guarantees, lease termination penalties or sale-leaseback agreement. The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

As of August 31, 2022, the principal and interest requirements to maturity for the lease receivable are as follows:

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 657,191	\$ 417,988	\$ 7,475,697	\$ 4,514,426	\$ 8,132,888	\$ 4,932,414
2024	693,294	396,455	7,710,245	4,298,830	8,403,539	4,695,285
2025	730,811	378,791	7,831,463	4,078,123	8,562,274	4,456,914
2026	654,843	361,947	7,243,077	3,856,742	7,897,920	4,218,689
2027	539,637	350,682	4,253,213	3,697,758	4,792,850	4,048,440
2028-2032	3,118,101	1,552,346	22,103,653	16,629,379	25,221,754	18,181,725
2033-2037	3,693,065	1,150,845	20,530,229	13,570,361	24,223,294	14,721,206
2038-2042	4,257,008	629,331	18,933,017	10,769,955	23,190,025	11,399,286
2043-2047	1,320,127	279,134	14,997,988	8,375,381	16,318,115	8,654,515
2048-2052	1,461,056	107,877	13,079,273	6,398,463	14,540,329	6,506,340
2053-2057	68,966	10,477	11,533,980	4,637,411	11,602,946	4,647,888
2058-2062	33,758	3,659	12,039,447	2,997,137	12,073,205	3,000,796
2063-2067	15,313	520	11,438,745	1,267,482	11,454,058	1,268,002
2068-2072	—	—	3,444,089	152,208	3,444,089	152,208
Total	\$ 17,243,170	\$ 5,640,052	\$ 162,614,116	\$ 85,243,656	\$ 179,857,286	\$ 90,883,708

As of August 31, 2022, the deferred inflows related to the lease receivable are as follows:

Year Ending August 31,	Business-Type Activities			Governmental Activities	Total
	El Paso International Airport	Mass Transit	Total Business-Type Activities		
2023	\$ 9,088,251	\$ 205,379	\$ 9,293,630	\$ 945,346	\$ 10,238,976
2024	9,066,555	205,379	9,271,934	945,346	10,217,280
2025	8,998,653	167,461	9,166,114	945,346	10,111,460
2026	8,262,932	136,405	8,399,337	854,295	9,253,632
2027	5,335,848	115,911	5,451,759	731,455	6,183,214
2028-2032	25,768,469	570,704	26,339,173	3,626,328	29,965,501
2033-2037	21,879,683	510,886	22,390,569	3,480,781	25,871,350
2038-2042	18,523,636	331,871	18,855,507	3,267,230	22,122,737
2043-2047	14,073,090		14,073,090	1,092,508	15,165,598
2048-2052	11,299,370		11,299,370	1,042,963	12,342,333
2053-2057	9,101,735		9,101,735	50,917	9,152,652
2058-2062	8,375,985		8,375,985	23,257	8,399,242
2063-2067	7,033,008		7,033,008	9,800	7,042,808
2068-2072	1,954,789		1,954,789		1,954,789
Total	\$ 158,762,004	\$ 2,243,996	\$ 161,006,000	\$ 17,015,572	\$ 178,021,572

NOTE 7. LEASES (continued)**C. Regulated Lease**

The El Paso International Airport (EPIA) maintains multiple regulated leases which are regulated by the Federal Aviation Administration. EPIA and American Airlines, Southwest Airlines, Delta Air Lines, United Parcel Service, Envoy Air, Federal Express Corporation, SkyWest Airlines, United Airlines, Allegiant Air, Kalitta Air, Frontier Airlines, Atlas Air and Alaska Airlines entered into Airline Operating Agreements, for usage of EPIA facilities for the purpose of conducting business as air transportation businesses. These agreements are noncancellable and terminate no later than 2032 including options to extend. Under the terms of these agreements, signatory airlines pay the EPIA monthly based on the annual rental rate/fee schedule. Rate calculations are based on total estimates of costs and expenses, estimates of passengers and total landed weight, and other factors. Final settlements are made each year after the issuance of the City's audited financial statements.

The agreements with Southwest Airlines, United Airlines, American Airlines and Delta Air Lines include preferential use of certain space and facilities in EPIA and preferential use of certain apron areas. The EPIA has fifteen gates of which ten are assigned to the four airlines with preferential use and five are not assigned. The gates not assigned are leased on a per use basis.

Other regulated leases are noncancellable and terminate no later than 2062. The total amount of resources recognized in the reporting period for regulated leases is \$2.5 million. The amount of inflows of resources recognized in fiscal year 2022 for variable payments not included in the expected future minimum payments is \$10.3 million

As of August 31, 2022, the expected future minimum payments under these agreements are as follows:

Year Ending August 31,	Total
2023	\$ 2,001,559
2024	1,548,244
2025	1,544,002
2026	1,535,524
2027	1,258,280
2028-2032	5,783,269
2033-2037	1,699,132
2038-2042	1,129,653
2043-2047	802,324
2048-2052	309,559
2053-2057	65,999
2058-2062	65,928
Total	<u>\$ 17,743,473</u>

NOTE 8. LONG-TERM OBLIGATIONS

A. Long-term Liabilities

The City of El Paso issues general obligation bonds, certificates of obligations, and revenue bonds to provide funds for the acquisition and construction of major capital assets. These obligations have been issued for both governmental and business-type activities. The general obligation and certificate of obligation bonds are direct obligations and pledge the full faith and credit of the City of El Paso. The governmental activities special revenue bonds are not ad valorem tax supported debt. These obligations are paid with hotel occupancy tax, lease payments, a portion of sales tax, ticket and parking revenues. All obligations generally are issued as serial bonds maturing each year with maturities that range from 1 to 26 years.

The City intends to retire ad valorem tax supported long-term liabilities, plus interest, from future ad valorem tax levies. The City is required by ordinance to create, from such tax revenues, a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. The tax rate to finance the payment of principal and interest on ad valorem tax supported long-term liabilities for the year ended August 31, 2022 was \$0.285665 per \$100 assessed valuation.

The City Charter states that all indebtedness of the City that is supported by ad valorem tax shall not exceed ten percent of the total assessed valuation of the City’s tax rolls. Ten percent of the fiscal year 2022 total assessed valuation base is \$3,988,967,671. The City’s legal debt margin is \$2,547,302,323. Long-term liabilities issued to acquire proprietary fund assets are reported as an obligation of those proprietary funds. Although they are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding long-term liabilities, the City intends for the proprietary funds to meet the debt service requirements.

On December 7, 2021, the City issued \$73,460,000 General Obligation Bonds, Series 2021B, which was appropriated to the 2019 Public Safety authorization. In addition, the City issued \$84,060,000 Combination Tax and Revenue Certificates of Obligation, Series 2021C which was appropriated to the annual Capital Plan (2017-2020). These authorizations are for the construction, equipping and improving streets, libraries, museums, cultural center projects, municipal parks, animal shelter, recreation and aquatic facilities and other existing city facilities. The bonds were issue at a true interest cost of 2.56% and 2.54% respectively and are set to mature on August 15, 2047.

General Obligation Bonds, Certificates of Obligations and Revenue Bonds as of August 31, 2022, are as follows:

	<u>Original Issuance</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>August 31, 2022</u>
Governmental Activities				
Certificates of Obligation Bonds				
Combination Tax & Revenue Series 2013	\$ 57,180,000	1.00% - 5.00%	2039	\$ 2,280,000
Combination Tax & Revenue Series 2014A	64,605,000	4.00% - 5.00%	2040	39,230,000
Combination Tax & Revenue Series 2015	54,185,000	4.00% - 5.00%	2041	46,980,000
Combination Tax & Revenue Series 2016	79,270,000	4.00% - 5.00%	2042	79,270,000
Combination Tax & Revenue Series 2019	93,460,000	3.13% - 5.00%	2044	82,680,000
Combination Tax & Revenue Series 2020	84,855,000	4.00% - 5.00%	2045	82,875,000
Combination Tax & Revenue Series 2021A	60,050,000	4.00% - 5.00%	2047	60,050,000
Combination Tax & Revenue Series 2021B	14,490,000	4.00% - 5.00%	2047	16,490,000
Combination Tax & Revenue Series 2021C	84,060,000	3.00% - 5.00%	2047	81,125,000
Total Certificates of Obligation Bonds				<u>490,980,000</u>

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2022

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	<u>Original Issuance</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>August 31, 2022</u>
General Obligation Bonds				
Pension Bonds Series 2007	\$ 101,240,000	5.51% - 6.02%	2035	\$ 68,785,000
Pension Bonds Series 2014	110,610,000	0.62% - 5.18%	2034	76,040,000
Refunding and Improvement Bonds Series 2014	85,930,000	3.38% - 5.00%	2039	26,125,000
Refunding Bonds Series 2014A	49,360,000	2.00% - 5.00%	2031	32,980,000
Refunding and Improvement Bonds Series 2015	116,415,000	3.91% - 5.00%	2041	85,365,000
Refunding Bonds Series 2016	121,260,000	3.50% - 5.00%	2034	95,680,000
Improvement Bonds Series 2016	175,305,000	4.00% - 5.00%	2042	175,305,000
Refunding and Improvement Bonds Series 2019A	76,895,000	2.00% - 5.00%	2044	68,350,000
Bonds Series 2019B	17,045,000	2.25% - 5.00%	2044	15,035,000
Refunding and Improvement Bonds Series 2020A	109,085,000	3.00% - 5.00%	2045	102,935,000
Refunding Bonds Series 2020B	23,040,000	5.00%	2032	19,420,000
Improvement Bonds Series 2021	42,625,000	3.00% - 5.00%	2047	42,625,000
Refunding Bonds Series 2021A	81,770,000	0.257% - 2.759%	2039	81,770,000
Bond Series 2021B	73,460,000	3.00% - 5.00%	2047	71,110,000
Total General Obligation Bonds				<u>961,525,000</u>
Special Revenue Bonds (Downtown Ballpark Venue Project)				
Special Revenue Bonds Series 2013A	45,125,000	6.78% - 7.25%	2038	5,170,000
Special Revenue Taxable Bonds Series 2013B	15,660,000	7.25%	2043	15,425,000
Special Revenue Refunding Bonds Series 2016	17,665,000	2.00% - 5.00%	2043	14,395,000
Special Revenue Refunding Bonds Series 2020-Direct Placement	655,000	1.42%	2023	655,000
Special Revenue Refunding Bonds, Series 2021	26,820,000	0.68% - 2.94%	2038	26,820,000
Total Special Revenue Bonds				<u>62,465,000</u>
Total Governmental Activities				<u>\$ 1,514,970,000</u>
Business-Type Activities				
Certificates of Obligation Bonds				
Combination Tax & Revenue Series 2013	\$ 8,215,000	1.00% - 5.00%	2039	\$ 280,000
Combination Tax & Airport Revenue Series 2014	40,000,000	1.38% - 5.00%	2038	32,510,000
Combination Tax & Revenue Series 2014A	17,185,000	4.00% - 5.00%	2040	14,535,000
Combination Tax & Revenue Series 2015	3,525,000	4.00% - 5.00%	2041	3,155,000
Combination Tax & Revenue Series 2016	4,935,000	4.00% - 5.00%	2042	4,360,000
Total Certificates of Obligation Bonds				<u>54,840,000</u>
General Obligation Bonds				
Refunding Bonds Series 2013	24,285,000	1.25% - 5.00%	2028	1,460,000
Refunding and Improvement Bonds Series 2014	2,585,000	3.38% - 5.00%	2039	845,000
Refunding and Improvement Bonds Series 2019A	4,550,000	2.00% - 5.00%	2044	4,035,000
Refunding and Improvement Bonds Series 2020A	4,850,000	3.00% - 5.00%	2045	4,650,000
Refunding Bonds Series 2021A	23,520,000	0.257% - 2.759%	2039	23,340,000
Total General Obligation Bonds				<u>34,330,000</u>
Revenue Bonds				
Airport Revenue Bonds Series 2018	41,475,000	5.00%	2028	27,425,000
Airport Revenue Refunding Bonds Series 2020	10,905,000	5.00%	2033	9,625,000
Total Revenue Bonds				<u>37,050,000</u>
Total Business-Type Activities				<u>\$ 126,220,000</u>

NOTE 8. LONG-TERM OBLIGATIONS (continued)

B. Bonds Authorized and Unissued

As of August 31, 2022, there were \$128,455,636 and \$245,825,650 in voter approved and unissued bonds as part of the 2012 Quality of Life Bonds and the 2019 Public Safety Bond respectively. Additionally, there were \$32,813,163 in unissued bonds for infrastructure and other capital projects approved by City Council.

C. Unspent Bond Proceeds

The following summarizes the unspent bond proceeds as of August 31, 2022 relating to the acquisition and construction of capital assets. The El Paso International Airport unspent bond proceeds includes \$3.6 million in a debt service reserve fund as established by the bond covenant.

	<u>Unspent Bond Proceeds</u>
Capital Projects Fund	\$ 389,061,100
El Paso International Airport	7,079,174
Total	<u><u>\$ 396,140,274</u></u>

D. Arbitrage

The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations along with the bond covenants as of the fiscal year ended August 31, 2022. Under U.S Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds, which exceed related interest expenditures on the bonds, must be remitted to the Federal Government every fifth anniversary of each debt issue. The City used an independent consultant to evaluate the City's outstanding tax-exempt debt for arbitrage liability and determined that there is no arbitrage liability due as of August 31, 2022.

NOTE 8. LONG-TERM OBLIGATIONS (continued)**E. Changes in Long-term Liabilities**

Changes in the City's long-term liabilities for the year ended August 31, 2022, are as follows:

	Balance August 31, 2021	Additions	Reductions	Balance August 31, 2022	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 925,585,336	\$ 73,460,000	\$ 37,520,336	\$ 961,525,000	\$ 42,430,000
Certificates of Obligation	423,478,420	84,060,000	16,558,420	490,980,000	12,270,000
Special Revenue Bonds	62,480,000	—	670,000	61,810,000	6,145,000
Special Revenue Bond - Direct Placement	655,000	—	—	655,000	655,000
Premium	131,506,763	23,907,482	13,581,351	141,832,894	13,451,856
Total Bonds Payable	1,543,705,519	181,427,482	68,330,107	1,656,802,894	74,951,856
Notes Payable - Direct Borrowing	1,560,000	—	510,000	1,050,000	520,000
Leases	—	11,382,303	1,189,600	10,192,703	1,250,425
Chapter 380 Agreement Obligations	49,399,964	—	1,000,000	48,399,964	—
Compensated Absences	68,182,310	7,505,237	6,338,179	69,349,368	20,804,810
Accrued Health and Workers Compensation Claims	17,524,019	34,537,952	31,548,284	20,513,687	5,257,206
Net Pension Liability	428,864,563	20,697,393	218,775,709	230,786,247	—
Total OPEB	128,205,403	15,642,704	52,273,652	91,574,455	2,700,170
Claims and Judgments	2,781,311	256,188	—	3,037,499	—
Total Other Obligations	696,517,570	90,021,777	311,635,424	474,903,923	30,532,611
Total Governmental Activities	\$ 2,240,223,089	\$ 271,449,259	\$ 379,965,531	\$ 2,131,706,817	\$ 105,484,467

The General Fund is used to liquidate the liability for Compensated Absences, Net Pension Liability and OPEB obligations for all governmental activities.

	Balance August 31, 2021	Additions	Reductions	Balance August 31, 2022	Due Within One Year
Business-Type Activities					
El Paso International Airport					
Bonds Payable					
Revenue Bonds	\$ 41,545,000	\$ —	\$ 4,495,000	\$ 37,050,000	\$ 4,720,000
Certificates of Obligation	33,905,000	—	1,395,000	32,510,000	1,440,000
Premium	4,742,013	—	932,261	3,809,752	835,289
Discount	(45,815)	—	(4,348)	(41,467)	(4,219)
Total Bonds Payable	80,146,198	—	6,817,913	73,328,285	6,991,070
Compensated Absences	2,544,705	330,975	58,022	2,817,658	845,298
Claims and Judgments	—	50,000	—	50,000	—
Net Pension Liability	10,455,448	279,672	7,191,976	3,543,144	—
Total OPEB Liability	8,790,463	1,072,572	3,584,243	6,278,792	185,137
Total El Paso International Airport	101,936,814	1,733,219	17,652,154	86,017,879	8,021,505
Environmental Services					
Bonds Payable					
Certificates of Obligation	4,185,000	—	140,000	4,045,000	145,000
General Obligation Bonds	8,994,663	—	1,429,663	7,565,000	1,300,000
Premium	491,455	—	121,735	369,720	101,191
Total Bonds Payable	13,671,118	—	1,691,398	11,979,720	1,546,191

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2022

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Balance August 31, 2021	Additions	Reductions	Balance August 31, 2022	Due Within One Year
Landfill Closure and Post-Closure	16,441,405	—	877,104	15,564,301	—
Delta Transfer Station Post-Closure	134,632	5,655	—	140,287	—
Compensated Absences	1,204,833	271,389	185,775	1,290,447	387,134
Claims and Judgments	1,495,481	—	1,057,018	438,463	—
Net Pension Liability	15,679,497	419,411	10,785,436	5,313,472	—
Total OPEB Liability	11,544,432	1,407,493	4,703,460	8,248,465	243,215
Total Environmental Services	60,171,398	2,103,948	19,300,191	42,975,155	2,176,540
Mass Transit					
Bonds Payable					
Certificates of Obligation	19,571,581	—	1,286,581	18,285,000	900,000
General Obligation Bonds	26,530,000	—	270,000	26,260,000	940,000
Premium	3,176,712	—	359,928	2,816,784	348,080
Total Bonds Payable	49,278,293	—	1,916,509	47,361,784	2,188,080
Leases	—	2,701,944	68,964	2,632,980	64,998
Compensated Absences	1,521,030	337,778	281,081	1,577,727	473,318
Claims and Judgments	194,111	387,281	—	581,392	—
Net Pension Liability	28,314,791	757,391	19,476,857	9,595,325	—
Total OPEB Liability	17,735,014	2,163,637	7,230,284	12,668,367	373,540
Total Mass Transit	97,043,239	6,348,031	28,973,695	74,417,575	3,099,936
International Bridges					
Bonds Payable					
General Obligation Bonds	1,025,000	—	520,000	505,000	505,000
Premium	30,106	—	20,221	9,885	9,885
Total Bonds Payable	1,055,106	—	540,221	514,885	514,885
Compensated Absences	238,896	39,151	28,228	249,819	74,946
Claims and Judgments	—	450	—	450	—
Net Pension Liability	1,942,640	51,963	1,336,280	658,323	—
Total OPEB Liability	2,111,876	256,842	858,296	1,510,422	373,540
Total International Bridges	5,348,518	348,406	2,763,025	2,933,899	963,371
Tax Office					
Leases	—	1,541,071	106,728	1,434,343	118,218
Compensated Absences	99,638	33,246	12,898	119,986	35,996
Total OPEB Liability	28,974	4,110	13,733	19,351	571
Total Tax Office	128,612	1,578,427	133,359	1,573,680	154,785
Total Business-Type Activities	<u>\$ 264,628,581</u>	<u>\$ 12,112,031</u>	<u>\$ 68,822,424</u>	<u>\$ 207,918,188</u>	<u>\$ 14,416,137</u>

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2022

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Balance August 31, 2021	Additions	Reductions	Balance August 31, 2022	Due Within One Year
Business-Type Activities					
Bonds Payable					
Revenue Bonds	\$ 41,545,000	\$ —	\$ 4,495,000	\$ 37,050,000	\$ 4,720,000
Certificates of Obligation	57,661,581	—	2,821,581	54,840,000	2,485,000
General Obligation Bonds	36,549,663	—	2,219,663	34,330,000	2,745,000
Premium	8,440,286	—	1,434,145	7,006,141	1,294,445
Discount	(45,815)	—	(4,348)	(41,467)	(4,219)
Total Bonds Payable	144,150,715	—	10,966,041	133,184,674	11,240,226
Other Obligations					
Leases Payable	—	4,243,015	175,692	4,067,323	183,216
Landfill Closure and Post-Closure	16,441,405	—	877,104	15,564,301	—
Delta Transfer Station Post-Closure	134,632	5,655	—	140,287	—
Compensated Absences	5,609,102	1,012,539	566,004	6,055,637	1,816,692
Claims and Judgments	1,689,592	437,731	1,057,018	1,070,305	—
Net Pension Liability	56,392,376	1,508,437	38,790,549	19,110,264	—
Total OPEB Liability	40,210,759	4,904,654	16,390,016	28,725,397	1,176,003
Total Other Obligations	120,477,866	12,112,031	57,856,383	74,733,514	3,175,911
Total Business-Type Activities	\$ 264,628,581	\$ 12,112,031	\$ 68,822,424	\$ 207,918,188	\$ 14,416,137

F. Bonded Debt Requirements: General Obligation and Certificate of Obligation Bonds

Year Ending August 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 54,700,000	\$ 63,200,336	\$ 5,230,000	\$ 3,484,215	\$ 59,930,000	\$ 66,684,551
2024	53,320,000	60,731,708	4,980,000	3,279,279	58,300,000	64,010,987
2025	61,275,000	58,277,611	5,100,000	3,140,361	66,375,000	61,417,972
2026	68,215,000	55,405,590	5,450,000	2,987,502	73,665,000	58,393,092
2027	73,690,000	52,214,168	5,400,000	2,810,047	79,090,000	55,024,215
2028-2032	411,965,000	205,837,403	25,340,000	11,168,227	437,305,000	217,005,630
2033-2037	326,800,000	116,233,932	27,370,000	5,621,340	354,170,000	121,855,272
2038-2042	278,585,000	56,460,526	10,300,000	794,597	288,885,000	57,255,123
2043-2047	123,955,000	12,657,200	—	—	123,955,000	12,657,200
Total	\$ 1,452,505,000	\$ 681,018,474	\$ 89,170,000	\$ 33,285,568	\$ 1,541,675,000	\$ 714,304,042

NOTE 8. LONG-TERM OBLIGATIONS (continued)

G. Debt Service Requirements: Revenue Bonds

Year Ending August 31,	Governmental Activities				Business-Type Activities		Total	
	Special Revenue Bonds		Special Revenue Bonds from Private Placement		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2023	\$ 6,145,000	\$ 2,603,582	\$ 655,000	\$ 9,301	\$ 4,720,000	\$ 1,852,500	\$ 11,520,000	\$ 4,465,383
2024	1,505,000	2,230,132	—	—	4,960,000	1,616,500	6,465,000	3,846,632
2025	1,700,000	2,174,452	—	—	5,205,000	1,368,500	6,905,000	3,542,952
2026	1,885,000	2,107,248	—	—	5,470,000	1,108,250	7,355,000	3,215,498
2027	2,075,000	2,029,164	—	—	5,735,000	834,750	7,810,000	2,863,914
2028-2032	13,645,000	8,990,198	—	—	10,005,000	1,249,000	23,650,000	10,239,198
2033-2037	19,295,000	6,332,058	—	—	955,000	47,750	20,250,000	6,379,808
2038-2042	13,065,000	2,664,696	—	—	—	—	13,065,000	2,664,696
2043-2047	2,495,000	144,088	—	—	—	—	2,495,000	144,088
Total	<u>\$ 61,810,000</u>	<u>\$ 29,275,618</u>	<u>\$ 655,000</u>	<u>\$ 9,301</u>	<u>\$ 37,050,000</u>	<u>\$ 8,077,250</u>	<u>\$ 99,515,000</u>	<u>\$ 37,362,169</u>

H. Long-term Debt Outstanding

	Issue Date	Maturity Date	Original Issuance	Interest Rates	Balance August 31, 2021	Additions	Reductions	Balance August 31, 2022
Certificates of Obligation								
Series 2012	11/20/2012	8/15/2038	\$ 58,730,000	3.000 - 4.000%	\$ 4,325,000	\$ —	\$ 4,325,000	\$ —
Series 2013	10/17/2013	8/15/2039	65,395,000	1.000 - 5.000%	4,995,000	—	2,435,000	2,560,000
Series 2014 - (Airport)	4/30/2014	8/15/2038	40,000,000	1.375 - 5.000%	33,905,000	—	1,395,000	32,510,000
Series 2014	8/26/2014	8/15/2040	64,605,000	4.000 - 5.000%	55,800,000	—	2,035,000	53,765,000
Series 2015 - Combination Tax & Revenue	8/17/2015	8/15/2041	57,710,000	4.000 - 5.000%	52,170,000	—	2,035,000	50,135,000
Series 2016	6/30/2016	8/15/2042	84,205,000	4.000 - 5.000%	83,755,000	—	125,000	83,630,000
Series 2019	3/5/2019	8/15/2044	93,460,000	3.125 - 5.000%	84,795,000	—	2,115,000	82,680,000
Series 2020 - Combination Tax & Revenue	3/10/2020	8/15/2045	84,855,000	4.000 - 5.000%	84,855,000	—	1,980,000	82,875,000
Series 2021A	6/3/2021	8/15/2047	60,050,000	4.000 - 5.000%	60,050,000	—	—	60,050,000
Series 2021B - Children's Museum	6/3/2021	8/15/2047	16,490,000	4.000 - 5.000%	16,490,000	—	—	16,490,000
Series 2021C - Combination Tax & Revenue	12/7/2021	8/15/2047	84,060,000	3.000 - 5.000%	—	84,060,000	2,935,000	81,125,000
Total Certificates of Obligation					<u>481,140,000</u>	<u>84,060,000</u>	<u>19,380,000</u>	<u>545,820,000</u>
General Obligations								
Series 2007 - Pension	6/15/2007	8/15/2035	101,240,000	5.510 - 6.020%	72,225,000	—	3,440,000	68,785,000
Series 2012 - Refunding	11/20/2012	8/15/2028	20,710,000	2.000 - 4.000%	1,475,000	—	1,475,000	—
Series 2013 - Refunding	9/30/2013	8/15/2028	24,285,000	1.250 - 5.000%	2,900,000	—	1,440,000	1,460,000
Series 2014 - Pension	1/16/2014	8/15/2034	110,610,000	0.620 - 5.180%	80,760,000	—	4,720,000	76,040,000
Series 2014 - Refunding and Improvement	5/20/2014	8/15/2039	88,515,000	3.380 - 5.000%	33,005,000	—	6,035,000	26,970,000
Series 2014A - Refunding	8/26/2014	8/15/2031	49,360,000	2.000 - 5.000%	36,405,000	—	3,425,000	32,980,000
Series 2015 - Refunding and Improvement	8/17/2015	8/15/2041	116,415,000	3.910 - 5.000%	95,925,000	—	10,560,000	85,365,000
Series 2016 - Refunding	6/15/2016	8/15/2034	121,260,000	3.500 - 5.000%	95,680,000	—	—	95,680,000
Series 2016 - Improvement	6/30/2016	8/15/2042	175,305,000	4.000 - 5.000%	175,305,000	—	—	175,305,000
Series 2019A - Refunding and Improvement	3/5/2019	8/15/2044	81,445,000	2.000 - 5.000%	74,920,000	—	2,535,000	72,385,000
Series 2019B	3/5/2019	8/15/2044	17,045,000	2.000 - 5.000%	15,475,000	—	440,000	15,035,000
Series 2020A - Refunding and Improvement	3/10/2020	8/15/2045	113,935,000	3.000 - 5.000%	109,915,000	—	2,330,000	107,585,000
Series 2020B - Refunding	5/19/2020	8/15/2032	23,040,000	5.00%	20,285,000	—	865,000	19,420,000
Series 2021 - Improvement Bonds	6/3/2021	8/15/2047	42,625,000	3.000 - 5.000%	42,625,000	—	—	42,625,000
Series 2021A - Refunding Bonds	6/3/2021	8/15/2039	105,290,000	0.257 - 2.759%	105,235,000	—	125,000	105,110,000
Series 2021B	12/7/2021	8/15/2047	73,460,000	3.000 - 5.000%	—	73,460,000	2,350,000	71,110,000
Total General Obligation Bonds					<u>962,135,000</u>	<u>73,460,000</u>	<u>39,740,000</u>	<u>995,855,000</u>
Total General Obligation and Certificates of Obligation Bonds					<u>\$ 1,443,275,000</u>	<u>\$157,520,000</u>	<u>\$ 59,120,000</u>	<u>\$ 1,541,675,000</u>

NOTE 8. LONG-TERM OBLIGATIONS (continued)

	Issue Date	Maturity Date	Original Issuance	Interest Rates	Balance August 31, 2021	Additions	Reductions	Balance August 31, 2022
Notes Payable - Direct Borrowing								
Tax Notes, Series 2017 (1)	8/22/2017	8/15/2024	\$ 3,500,000	1.94%	\$ 1,560,000	\$ —	\$ 510,000	\$ 1,050,000
Revenue Bonds								
Series 2018 - El Paso International Airport	9/1/2018	8/15/2028	\$ 41,475,000	5.00%	\$ 31,265,000	\$ —	\$ 3,840,000	\$ 27,425,000
Series 2020 - El Paso International Airport Refunding	5/19/2020	8/15/2033	10,905,000	5.00%	10,280,000	—	655,000	9,625,000
Total Revenue Bonds					\$ 41,545,000	\$ —	\$ 4,495,000	\$ 37,050,000
Special Revenue Bonds								
Series 2013A (Ballpark)	8/29/2013	8/15/2038	\$ 45,125,000	6.78 - 7.25%	\$ 5,170,000	\$ —	\$ —	\$ 5,170,000
Series 2013B - Taxable (Ballpark)	8/29/2013	8/15/2043	15,660,000	7.25%	15,490,000	—	65,000	15,425,000
Series 2016 (Ballpark)	6/29/2016	8/15/2043	17,665,000	2.00 - 5.00%	15,000,000	—	605,000	14,395,000
Series 2020 - Refunding (Ballpark) - Direct Placement	8/13/2020	8/15/2023	655,000	1.42%	655,000	—	—	655,000
Special Revenue Refunding, Series 2021	6/8/2021	8/15/2038	26,820,000	0.68 - 2.94%	26,820,000	—	—	26,820,000
Total Special Revenue Bonds					\$ 63,135,000	\$ —	\$ 670,000	\$ 62,465,000

⁽¹⁾ The Tax Note is supported by ad valorem taxes

I. Notes Payable - Direct Borrowing

The 2017 Tax Note is a direct borrowing and was issued for vehicle replacement. The principal and interest payments due annually for the 2017 Tax Notes for vehicle replacement are presented below.

Year Ending August 31,	Governmental Activities	
	Principal	Interest
2023	\$ 520,000	\$ 20,370
2024	530,000	10,282
Total	\$ 1,050,000	\$ 30,652

J. Chapter 380 Agreement Obligations

In previous years, the City entered into Chapter 380 Agreements with developers for the redevelopment of the Camino Real Hotel and Plaza Hotel in downtown El Paso. This program is for the purpose of promoting the local economic development and stimulating business and commercial activity within the City. Each agreement contains events of default such as failure to obtain certificate of occupancy, failure to operate hotel, failure to file Hotel Occupancy Tax Return, quality of hotel, insolvency and failure to pay property taxes. In the event of default, the agreement may be terminated by the City after giving the developer notice and sufficient opportunity to cure any such alleged default pursuant to the agreement. Each liability obligation is dependent on the developers meeting specific objectives according to their Chapter 380 Agreement.

L. Solid Waste Landfill Closure and Post-Closure Care Cost

The City owns and operates two landfills located in the East (Clint) and Northeast (McCombs) areas of the City. Closure and post-closure care of the landfills are subject to the requirements of Subtitle D of the Resource Conservation and Recovery Act (P.L. 94/580) and Sections 330.250-256 of Title 30 of the *Texas Administrative Code* administered by the Texas Commission on Environmental Quality (TCEQ), formerly the Texas Natural Resource Conservation Commission (TNRCC). These

NOTE 8. LONG-TERM OBLIGATIONS (continued)

regulations require the City to place a final cover on each landfill when it ceases to accept waste and to perform certain maintenance and monitoring functions for 30 years after the closure of each landfill.

The estimated total closure and post-closure costs is approximately \$15.7 million as of August 31, 2022. The recognized liability of approximately \$15.7 million, is computed based on the percentage of landfill capacity used which is approximately 24.7% as of August 31, 2022. The estimated total current cost of closure and post-closure care remaining to be recognized is \$69.7 million.

Clint Landfill (TCEQ Permit 1482) – The City closed this facility in fiscal year 2010. The total closure and post-closure costs are estimated at \$12.3 million. Approximately \$8.6 million has been expended for the closure cost. The resulting ending liability of \$3.7 million relates to the estimated post-closure cost.

Clint Landfill (TCEQ Permit 2284) – This landfill is currently accepting solid waste and capacity used is 48.7% at August 31, 2022. Closure and post-closure costs are estimated at \$23.6 million. The estimated closure and post-closure cost liability of \$8.2 million is included in the recorded liability.

McCombs Landfill (TCEQ Permit 729A) – This landfill is currently accepting solid waste and capacity used is 7.4% at August 31, 2022. Closure and post-closure costs are estimated at \$49.4 million. The estimated closure and post-closure cost liability of \$3.7 million is included in the recorded liability.

Delta Transfer Station (TCEQ Permit 728) – The City owns and operates a transfer process facility for solid waste near Delta Street in El Paso. Beginning in March 2000, Section 330.282 of Title 30, the *Texas Administrative Code*, administered by the TCEQ, required “a detailed written cost estimate, in current dollars, showing the cost of hiring a third party to close the process facility by cleaning up the litter and debris from the site and the equipment, hauling the litter and debris to an approved landfill and to render the facility closed by dismantling vital operational parts and locking up the facility.” At August 31, 2022, the estimated total cost of closure of the Delta Transfer Station is \$140 thousand and is recognized as a liability in these financial statements.

Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Department of Environmental Services, an enterprise fund and part of the City, will meet closure and post-closure care financial requirements.

Sections 330.280-286 of Title 30 of the Texas Administrative Code requires landfill owners to demonstrate financial assurance that they will have sufficient financial resources to satisfy closure and post-closure care expenses at such time as these become payable. The regulations provide various means by which a municipality may demonstrate financial assurance. For the year ended August 31, 2022, the City met all of the financial tests required by the TCEQ and will demonstrate financial assurance to the TCEQ by way of the City’s most recent bond rating and/or financial ratios computed using the 2021 audited financial statements.

CITY OF EL PASO, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2022

NOTE 9. FUND EQUITY

Fund balance components of Governmental Funds are as follows:

	General Fund	Community Development Block Grants	Debt Service	Capital Projects	COVID-19 Relief Grants	Nonmajor Governmental Funds
Fund Balances:						
Nonspendable						
Inventory and Prepays	\$ 5,296,137	\$ —	\$ —	\$ —	\$ —	\$ 249,659
Restricted						
Cash Reserve	22,099,714	—	—	—	—	—
Debt Service	—	—	11,889,652	—	—	—
Municipal Court	—	—	—	—	—	3,788,834
Capital Projects	—	—	—	397,801,253	—	1,042,320
PEG	—	—	—	—	—	7,697,809
Civic Center	—	—	—	—	—	4,736,690
Library	—	—	—	—	—	785,128
Police	—	—	—	—	—	5,842,210
Economic Development	—	—	—	—	—	4,590,820
Parks	—	—	—	—	—	127,731
Animal Services	—	—	—	—	—	13,189
Community Development	—	11,492,416	—	—	—	—
Public Health	—	—	—	—	—	21,409,113
Committed						
Cash Reserve	72,376,924	—	—	—	—	—
Parks	—	—	—	—	—	3,302,807
Community Development	—	—	—	—	—	4,852,899
Economic Development	—	—	—	—	—	46,258,488
Mayor and Council	—	—	—	—	—	972,946
Police	—	—	—	—	—	195,836
Environmental Fee	—	—	—	—	—	4,578,171
Public Works	—	—	—	—	—	9,700,693
Assigned						
Animal Services	—	—	—	—	—	2,150,637
Civic Center	—	—	—	—	—	3,391,565
Museums	—	—	—	—	—	307,609
Capital Projects	—	—	—	21,817,190	—	—
Zoo	—	—	—	—	—	2,636,456
Police	—	—	—	—	—	44,032
Unassigned (Deficits)	50,780,166	—	—	—	(4,771,090)	(149,776)
Total Fund Balances (Deficits)	\$ 150,552,941	\$ 11,492,416	\$ 11,889,652	\$ 419,618,443	\$ (4,771,090)	\$ 128,525,866

Federal Grants and State Grants had a fund balance deficit of \$149.8 thousand due to expenditures for grants being incurred and revenue not being available during the availability period as established by the City's accounting policies. As of August 31, 2022 the City has recorded \$368.7 thousand in deferred inflow associated with expenditure driven grants for which the revenue was not available at the time of issuance of this report.

NOTE 9. FUND EQUITY (continued)

Business-Type Activities

The balances of the restricted net position accounts in the Proprietary funds are as follows:

<u>Restricted Net Position</u>	
El Paso International Airport:	
Restricted for Passenger Facilities (by FAA)	\$ 12,390,051
Restricted for Debt Service	3,705,000
Restricted per Bond Covenants (Cash Reserve)	<u>6,014,289</u>
Total Restricted Net Position	<u>\$ 22,109,340</u>

El Paso International Airport

The Airport has restricted assets that are for specific use in accordance with an agreement with the United States Government. This agreement was established in 1950 whereby 1,907 acres of land were donated to the Airport. Any revenues derived from the sale, lease or other use of this land must be utilized for the development, improvement, operation and maintenance of the Airport subject to the approval of the Federal Aviation Administration (FAA). Earnings from invested funds may be used for the purposes previously described. Under this agreement, advances to other Airport funds for development and improvement of Airport facilities are permitted, subject to approval from the Federal Aviation Administration.

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage and subrogation).

A. Internal Service Funds

Provisions under various types of risk are presented below:

Internal Service Funds account for certain self-insured activities. These include Workers' Compensation, Group Health and Unemployment Compensation. The premiums are recognized as revenues in the Internal Service Fund and as expenditures or expenses in the governmental and proprietary funds. Accruals for unpaid claims and claims incurred but not reported are reflected in the accompanying proprietary funds Statement of Net Position as Claims and Judgments.

This provision is based upon City experience, including recoveries, since the inception of the insurance programs and represents the loss and an allocated loss expense. The total estimated claims payable at August 31, 2022, is \$20.5 million. The total claims liability reported in the Internal Service Fund at August 31, 2022, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements

NOTE 10. RISK MANAGEMENT (continued)

indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. No settlements in excess of insurance coverage were made in any of the prior three fiscal years.

Changes in the Self Insurance Fund's claims liability amount in fiscal 2022 and 2021 were:

	Workers' Compensation	Group Health	Unemployment Compensation	Total
Claims Liability at August 31, 2020	\$ 14,087,784	\$ 4,178,093	\$ —	\$ 18,265,877
Incurred Claims	4,286,860	30,997,577	696,441	35,980,878
Payment on Claims	(4,990,163)	(31,036,132)	(696,441)	(36,722,736)
Claims Liability at August 31, 2021	13,384,481	4,139,538	—	17,524,019
Incurred Claims	3,556,379	30,981,573	—	34,537,952
Payment on Claims	(774,833)	(30,773,451)	—	(31,548,284)
Claims Liability at August 31, 2022	<u>\$ 16,166,027</u>	<u>\$ 4,347,660</u>	<u>\$ —</u>	<u>\$ 20,513,687</u>

B. General Liability Insurance

The City is self-insured for general, police officers and certain automobile liability, with the exception of the Mass Transit Department's fleet of vehicles, liability for the Airport, certain automobile liability and certain other catastrophic liability for which the City is insured. Expenditures for self-insured liabilities are accounted for in the General Fund, which will pay any liabilities incurred.

The City has joined together with other governments in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will re-insure through commercial companies for claims in excess of \$500,000 to \$1,000,000 for each insurance event. The City anticipates no contingent losses.

TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool.

The City continues to carry commercial fidelity bonds for elected officials and for management.

C. Property and Casualty Insurance

Property, casualty, boiler and machinery insurance is provided by a commercial carrier.

D. Workers' Compensation Insurance

The City self-insures against workers' compensation claims.

E. Group Health and Life Insurance

The City maintains a group health insurance plan for active employees and their eligible dependents through a self-insured plan of benefits. Aetna Inc. administers the plan. Reinsurance coverage limits the annual liability. Contributions to the fund are provided by both the City and participating

NOTE 10. RISK MANAGEMENT (continued)

employees. A commercial carrier provides the group life insurance plan. Costs are recorded in the fund from which the employees' compensation is paid.

F. Unemployment Compensation Insurance

The City self-insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC). Under the agreement, TWC administers all claims and is reimbursed by the City for claims incurred plus administrative charges.

NOTE 11. COMMITMENTS AND CONTINGENCIES

A. Litigation and Claims

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Claims and lawsuits against the City for which a liability for losses is deemed as probable in the amount of \$4.1 million has been accrued as of August 31, 2022.

B. Grants

The City has received federal and state financial assistance in the form of grants and entitlements that are subject to review and audit by the granting agencies. Such audits could result in requests for reimbursement by the granting agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of City management, such disallowed costs, if any, will not be significant.

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

A. Plan Description

The City sponsors and administers a single-employer defined benefit OPEB plan for healthcare. Texas statute provides that retirees from a municipality with a population of 25,000 or more and who receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute.

1. Benefits Provided

The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage is the same as the coverage provided to active City employees. Retirees pay premiums range from \$319.40 to \$1,745.45 per month depending on the coverage elected. The City's adopted budget policy maintains that retirees must pay 45% of the cost of

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

premiums and the City will fund the remaining 55%. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

2. Employees Covered by Benefit Terms

At August 31, 2022, the following employees were covered by the benefit terms of the OPEB plan:

Inactive employees currently receiving benefits payments	923
Inactive employees entitled to but not yet receiving benefits payments	0
Active employees	<u>4,122</u>
Total	<u><u>5,045</u></u>

3. Total OPEB Liability

The City's total OPEB liability of \$120.3 million was measured as of August 31, 2022, and was determined by an actuarial valuation as of August 31, 2022.

4. Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's total OPEB liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.40 percent
Salary Increases:	3.25 percent
Discount Rate:	3.91 percent
Healthcare Cost Trend Rates:	Initial rates are based on actual changes in the fully-insured premiums

The discount rate was based on the August 31, 2022 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Retiree Mortality Tables for males or females, Generational with Projection Scale MP-2021.

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

B. Changes in Total OPEB Liability

The following table shows the changes in the City's total OPEB liability.

	Total OPEB Liability
Balance at 08/31/2021	\$ 168,416,162
Changes for the Year:	
Service Cost	3,744,222
Interest	3,319,879
Differences Between Expected and Actual Experience	13,857,255
Change in Assumptions/Inputs	(65,584,361)
Benefit Payments	(3,453,305)
Net Changes	<u>(48,116,310)</u>
Balance at 8/31/2022	<u>\$ 120,299,852</u>

1. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using discount rates that are one-percent lower or one-percent higher than the current discount rate.

	1% Decrease (2.91%)	Discount Rate (3.91%)	1% Increase (4.91%)
Total OPEB Liability	\$ 129,373,644	\$ 120,299,852	\$ 100,087,091

2. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are one-percent lower or one-percent higher than the current healthcare cost trend rate of 4.87%.

	1% Decrease (3.87%)	Current Healthcare Cost Trend Rates (4.87%)	1% Increase (5.87%)
Total OPEB Liability	\$ 97,157,041	\$ 120,299,852	\$ 133,345,044

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended August 31, 2022, the City recognized an OPEB credit in the amount of \$2.4 million. As of August 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 11,967,204	\$ 7,292,005
Changes of Assumptions or Other Inputs	5,182,309	58,884,998
Total	<u>\$ 17,149,513</u>	<u>\$ 66,177,003</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized in OPEB expense as follows:

Year Ended August 31,	Amount
2023	\$ (10,574,434)
2024	(10,574,434)
2025	(5,709,861)
2026	(7,389,587)
2027	(7,389,587)
Thereafter	(7,389,587)
Total	<u>\$ (49,027,490)</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in the Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 13. PENSION PLANS

The employees of the City and EPWater participate in one of two single-employer defined benefit pension plans: the City Employees Retirement Trust (CERT) and the Firemen and Policemen’s Pension Funds (FPPF), which consists of separate divisions for firemen (FPPF-Firemen Division) and policemen (FPPF-Policemen Division). Separate boards of trustees administer these pension plans as described in Note 1 (CERT Board and FPPF Board, respectively).

The CERT was established in accordance with authority granted by Chapter 2.64 of the El Paso City Code and is a component unit (fiduciary fund type) of the City. The FPPF was established in accordance with authority granted by Article 6243b of *Vernon’s Annotated Texas Statutes* and is a component unit (fiduciary fund type) of the City. Each pension plan issues stand-alone financial statements that may be obtained from the respective funds’ administrative offices.

The total for the City's pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense are as follows:

	FPPF			
	CERT	Firemen	Policemen	Total
Net Pension Liability	\$ 55,584,997	\$ 76,686,986	\$ 117,624,528	\$ 249,896,511
Deferred Outflows of Resources				
Subsequent Contributions	21,240,032	9,782,162	12,933,820	43,956,014
Change in Experience	5,863,838	1,599,808	1,048,748	8,512,394
Change in Assumptions	1,850,567	6,482,189	15,121,099	23,453,855
Deferred Inflows of Resources				
Change in Experience	1,111,123	2,284,534	1,425,919	4,821,576
Investment Earnings	95,302,650	75,009,523	113,163,339	283,475,512
Pension Expense	488,294	(9,959,032)	(12,105,488)	(21,576,226)

The CERT amounts exclude an allocated portion for EPWater (19.9%).

A. Membership

Membership of each plan as of the measurement date consisted of the following:

	August 31, 2022	December 31, 2021	
	CERT	FPPF-Firemen Division	FPPF-Policemen Division
Retirees and Beneficiaries Receiving Benefits	3,657	792	1,133
Terminated Plan Members Entitled but not yet Receiving Benefits	173	4	11
Active Plan Members	4,128	889	1,132
Total	7,958	1,685	2,276

NOTE 13. PENSION PLANS (continued)**B. City Employees Retirement Trust****1. Plan Description**

Substantially, all full-time employees of the City are eligible to participate in the retirement plan, except for uniformed firefighters and police officers who are covered under separate plans. Non-employer contributions are limited to participating employees of the CERT.

The designated purpose of the CERT is to provide retirement, death, and disability benefits to participants or their beneficiaries. The CERT is administered by the CERT Board, which is comprised of two citizens designated by the Mayor who are not officers or employees of the City, four elected City employees, a retiree, and two members of City Council, one of whom may include the Mayor. The CERT Board contracts with an independent pension custodian, investment managers, a pension consultant and an actuary to assist in managing the CERT.

The City is the only contributing employer. The CERT pays direct administrative costs. The City provides indirect administrative support such as IT services and payroll processing at no charge to the CERT. The CERT reimburses the City for various direct costs of processing pension checks, such as postage and supplies.

The CERT is not required to maintain any legally required reserves.

Participation is mandatory for classified employees (except permanent part-time employees). For non-classified employees, participation is mandatory for employees hired after July 1997. Classified employees include all persons who are permanent, full-time employees and are not otherwise excluded from the CERT.

Members who were first participants prior to September 1, 2011, accrue benefits based on Tier I provisions as follows:

- Participants who leave the Plan before completion of 5 years of service receive a refund of their contributions. Participants leaving the Plan with more than 5 years but less than 10 years of service may receive a refund of their contributions plus interest at 5.5% compounded annually. Participants become fully vested after reaching 40 years of age and 10 years of service or 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 55 years of age with 10 years of service, or (ii) 60 years of age with 7 years of service or (iii) 30 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarial reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.5% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, or 2.5% of the average monthly base salary received by the employee during the year immediately prior to retirement, or 2.5% of the monthly base salary pay for the month immediately prior to retirement, whichever is greater, multiplied by the number of completed years of service,

NOTE 13. PENSION PLANS (continued)

plus 0.2083 of 1% of such average for each additional completed or fractional part of a month of service.

Members who were first participants on or after September 1, 2011, accrue benefits based on Tier II provisions as follows:

- Participants who leave the Plan before completion of 7 years of service receive a refund of their contributions. Participants leaving the Plan with more than 7 years but less than 10 years of service may receive a refund of their contributions plus interest at 3% compounded annually. Participants become fully vested after reaching 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 60 years of age with 7 years of service, or (ii) 35 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit payment upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.25% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, multiplied by the number of completed years of service, plus .1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the three-year average final pay. A pension benefit is available to surviving spouses and dependents. The Plan includes no automatic increase in retirement benefits. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad-hoc cost of living or other increases in retirement benefits.

2. Basis of Accounting

The accounting policies of the CERT have been established to conform to GAAP for state and local governments as promulgated by authoritative pronouncements issued by the GASB. The CERT is accounted for using an economic resources measurement focus and the accrual basis of accounting.

The preparation of financial statements in conformity with GAAP requires the CERT's management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

3. Method Used to Value Investments

Investments are stated at fair value in the accompanying statement of fiduciary net position. The fair value of marketable investments, including U.S. government securities, corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at statements of fiduciary net position dates. The fair value of investments in bank collective investment funds, commingled funds, real estate investment funds and private equity limited partnerships are determined by the investment managers based on the fair values of the underlying securities in the funds. In general, the fair value of the underlying securities held in the real estate investment funds are based upon property appraisal reports prepared by independent real estate appraisers (members of the Appraisal Institute or an equivalent organization) within a reasonable amount of time following acquisition of the real estate and no less frequently than annually thereafter.

NOTE 13. PENSION PLANS (continued)

In general, the fair value of the underlying securities held in the private equity limited partnerships are based on GASB Statement No. 72 - *Fair Value Measurements and Disclosures*, and limited partnership financial statements are audited by independent certified public accountants. Bank collective investment funds are governed by Section 9.18 of Regulation 9 issued by the Office of Comptroller of the Currency and by other applicable regulations as defined by the Mellon Bank, N.A. Employee Benefit Collective Investment Fund Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net appreciation (depreciation) in fair value of investments reflected in the accompanying statements of changes in fiduciary net position represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. The change in net unrealized gains or losses on investments represents the change in the difference between the cost and fair value of investments at the beginning versus the end of the fiscal year.

4. Concentration of Investments

The following table presents the fair value of investments that represent 5% or more of the CERT's net position available for benefits at August 31, 2022. These investments were in bank collective investment and commingled funds, which consist of diversified portfolios of investments as described above, and none of these investments consist of any one company holding 5% or more of the total investment.

August 31, 2022	Shares	Fair Value (dollars)
BNYMM DB SL SCWI_EX US IMI Mellon Capital Management Corporation	8,146,022	\$ 65,286,845
Mellon DB SL Stock Index Fund Mellon Capital Management Corporation	15,082	91,812,088
MCM Dynamic U.S. Equity Fund Mellon Capital Management Corporation	164,253	79,404,909
EB MCM Aggregate Bond Index Fund Mellon Capital Management Corporation	194,486	101,965,171
Blackrock Total Return Bond Fund Blackrock Capital Management	4,883,178	52,451,058
Wellington Fund Wellington Capital Management	4,566,390	52,467,826
Arrowstreet International Equity ACWI EX US CIT Class A Arrowstreet CIT	353,797	51,375,537

NOTE 13. PENSION PLANS (continued)**5. Contributions Required and Contributions Made**

Contribution rates for the CERT are based upon City ordinance chapter 2.64.190 and are not actuarially determined. However, each time a new actuarial valuation is performed, contribution requirements are compared to the actuarially determined amount necessary to fund service costs and amortize the unfunded actuarial accrued liability (using entry-age-normal cost method) over thirty years. As of the most recent actuarial valuation, the contribution rate was 23.00% of annual covered payroll.

Contributions to CERT for the year ended August 31, 2022, were made as follows:

	<u>Amount</u>	<u>Stated Percentage of Covered Payroll</u>
Employer Contributions	\$26,096,411	14.05%
Employee Contributions	16,665,780	8.95%
Total	<u>\$42,762,191</u>	<u>23.00%</u>

6. Securities Lending Transactions

The CERT enters into securities lending transactions with broker/dealers for which fees are paid to the Fund and are recognized as revenue during the periods in which they were loaned. The Board may legally and contractually authorize the use of the Fund's securities for lending transactions. The securities involved in the lending transactions continue to be recorded at fair value in the accompanying financial statements. Parameters are established by the Fund's investment guidelines for securities lending transactions. These guidelines require that all securities lending occur with specified broker/dealers and that securities lending transactions be collateralized using U.S. issuer securities at 102% and non-U.S. issuer securities at 105% of the fair value of the securities loaned. U.S. issuer securities used as collateral are marked to market on a daily basis to evaluate whether the collateralization requirements of the fair value of investments is always maintained. The Fund may not pledge or sell the collateral securities except on default of the borrower and therefore are not recorded as assets in the accompanying financial statements. Because of this, the Fund administration believes there is some minimal credit risk associated with securities lending transactions. There is no loss indemnification provided to the Fund by the investment managers or broker/dealers.

7. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are

NOTE 13. PENSION PLANS (continued)

designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the August 31, 2021 rolled forward to August 31, 2022 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a five-year period. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), projected salary increases of 3.00%, which includes an inflation rate of 3.00% and no costs of living increases. The investment rate of return used by the actuary has decreased from 7.5% used at August 31, 2020 to better align with actual experience. The remaining amortization period at August 31, 2021, was 20 years using a level percent, open basis, amortization period. The mortality assumption was based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 tables for Disabled Lives. Retirement, disability, and termination rates were adjusted to reflect experience.

The long-term expected rate of return on pension fund investments was determined using a building-block method in which best-estimate ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the CERT's target asset allocation as of August 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	7.26 %
International Equity	6.24 %
Fixed Income	0.78 %
Real Estate	4.17 %
Private Equity	10.72 %

8. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City's net pension liability as of August 31, 2022 was measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2021 rolled forward to August 31, 2022.

NOTE 13. PENSION PLANS (continued)

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for CERT and as apportioned to the City and EPWater, as determined by the City at August 31, 2022:

Changes in Net Pension Liability - City Employees Retirement Trust			
	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2021	\$ 1,083,475,771	\$ 877,989,396	\$ 205,486,375
Changes for the Year:			
Service Cost	20,839,564		20,839,564
Interest on Total Pension Liability	81,834,164	—	81,834,164
Difference in Expected and Actual Experience	1,526,057		1,526,057
Changes in Assumptions	20,343		20,343
Benefit Payments	(79,617,251)	(79,617,251)	—
Employer Contributions	—	25,603,188	(25,603,188)
Plan Member Contributions	—	15,099,360	(15,099,360)
Net Investment Income	—	202,050,667	(202,050,667)
Administrative Expense	—	(2,441,214)	2,441,214
Net Changes	24,602,877	160,694,750	(136,091,873)
Balances as of August 31, 2022	\$ 1,108,078,648	\$1,038,684,146	\$ 69,394,502

Changes in Net Pension Liability - City			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2021	\$ 867,864,094	\$ 703,269,505	\$ 164,594,588
Changes for the Year:			
Service Cost	16,692,491	—	16,692,491
Interest on Total Pension Liability	65,549,165	—	65,549,165
Difference in Expected and Actual Experience	1,222,372	—	1,222,372
Changes in Assumptions	16,295	—	16,295
Benefit Payments	(63,773,418)	(63,773,418)	—
Employer Contributions	—	20,508,154	(20,508,154)
Plan Member Contributions	—	12,094,587	(12,094,587)
Net Investment Income	—	161,842,584	(161,842,584)
Administrative Expense	—	(1,955,412)	1,955,412
Net Changes	19,706,904	128,716,495	(109,009,590)
Balances as of August 31, 2022	\$ 887,570,998	\$ 831,986,000	\$ 55,584,997

NOTE 13. PENSION PLANS (continued)

Changes in Net Pension Liability - EPWater			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 1, 2021	\$ 215,611,678	\$ 174,719,890	\$ 40,891,790
Changes for the Year:			
Service Cost	4,147,073	—	4,147,073
Interest on Total Pension Liability	16,284,999	—	16,284,999
Difference in Expected and Actual Experience	303,685	—	303,685
Changes in Assumptions	4,048	—	4,048
Benefit Payments	(15,843,833)	(15,843,833)	—
Employer Contributions	—	5,095,034	(5,095,034)
Plan Member Contributions	—	3,004,773	(3,004,773)
Net Investment Income	—	40,208,083	(40,208,083)
Administrative Expense	—	(485,802)	485,802
Other	—	—	—
Net Changes	<u>4,895,973</u>	<u>31,978,255</u>	<u>(27,082,282)</u>
Balances as of August 31, 2022	<u>\$ 220,507,651</u>	<u>\$ 206,698,145</u>	<u>\$ 13,809,507</u>

9. Sensitivity to Interest Rate Changes

The following presents the resulting net pension liability (asset) as of August 31, 2022 calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percent lower or one-percent higher than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's Net Pension Liability (Asset)	178,417,633	69,394,502	(29,273,302)

10. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended August 31, 2022, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$488,294 for the City and \$121,312 for EPWater. The reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the City Employees Retirement Trust in total and as apportioned to the City and EPWater, as determined by the City at August 31, 2022:

NOTE 13. PENSION PLANS (continued)

City Employees Retirement Trust	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	\$ 7,320,643	\$ 1,387,171
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	—	118,979,581
Change in Assumptions for Pensions	2,310,319	—
Contributions Subsequent to the Measurement Date	26,516,894	—
Total City Employees Retirement Plan	<u>\$ 36,147,856</u>	<u>\$ 120,366,752</u>

City	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	\$ 5,863,838	\$ 1,111,123
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	—	95,302,650
Change in Assumptions for Pensions	1,850,567	—
Contributions Subsequent to the Measurement Date	21,240,032	—
Total City	<u>\$ 28,954,437</u>	<u>\$ 96,413,773</u>

EPWater	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	\$ 1,456,805	\$ 276,048
Net Difference Between Expected and Actual Investment Earnings on Plan Investments	—	23,676,931
Change in Assumptions for Pensions	459,752	—
Contributions Subsequent to the Measurement Date	5,276,862	—
Total EPWater	<u>\$ 7,193,419</u>	<u>\$ 23,952,979</u>

An amount of \$21.2 million reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date but before the end of the City's reporting period will be recognized as a reduction in the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as deferred outflows and inflows of resources to the plan will be recognized in pension expense as follows:

Ending August 31,	Total	City	EPWater
2023	\$ (24,345,241)	\$ (19,500,538)	\$ (4,844,703)
2024	(23,464,784)	(18,795,292)	(4,669,492)
2025	(35,289,686)	(28,267,038)	(7,022,648)
2026	(27,726,025)	(22,208,546)	(5,517,479)
2027	88,827	71,150	17,677
Thereafter	1,119	896	223
Total	<u>\$ (110,735,790)</u>	<u>\$ (88,699,368)</u>	<u>\$ (22,036,422)</u>

NOTE 13. PENSION PLANS (continued)

C. Firemen and Policemen's Pension Fund

1. Plan Description

The designated purpose of the FPPF is to provide retirement, death and disability benefits to participants or their beneficiaries.

The FPPF is a defined benefit pension plan covering uniformed firefighters and police officers employed by the City of El Paso. Non-employer contributions are limited to participating employees. The City of El Paso is the only participating employer. The City's contributions to the FPPF are limited to 18.50% of compensation as provided by the City Charter. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of the legal funding limitations.

The FPPF – Firemen Division is a defined benefit, contributory retirement plan covering uniformed employees of the Fire Department. Participants are required to contribute 17.456% of their compensation to the FPPF.

The FPPF – Policemen Division is a defined benefit, contributory retirement plan covering uniformed employees of the Police Department. Participants are required to contribute 17.178% of their compensation to the FPPF.

Under both divisions, membership is mandatory and effective upon commencement of the probationary period. Participant contributions are not refunded if a participant terminates with less than five years of service and all benefits under the FPPF are terminated. Participant contributions (without interest) are refunded upon request if a participant terminates with five or more years of service but less than twenty years of service. All benefits under the FPPF are terminated if contributions are refunded.

Benefits are calculated as follows for the Base Plan and Second Tier Plan. Any member originally enrolled on July 1, 2007 or thereafter is automatically enrolled in the Second Tier Plan.

a. Base Plan

Retirement benefits for members with at least 20 years of vested service and the attainment of age 45 or more are calculated at 2.75% of the member's final 36-month average wages, excluding overtime, multiplied by years of service, not to exceed 28 years. Retirement benefits for members with at least 20 years of vested service, under the age of 45 are calculated at 2.75% of the member's final wages multiplied by years of service reduced by a factor proportionate to the number of months and years below the age 45. Retirement benefits for members with at least 10 years of vested service and at least 50 years of age are calculated at 2.75% of the member's final wages multiplied by the member's years of credited service.

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.75% of the member's final wages multiplied by years of service.

NOTE 13. PENSION PLANS (continued)

Death benefits are calculated as the greater of 50% of the member's final wages or the calculation of a retiree as mentioned in the preceding paragraph.

A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit.

Cost-of-living adjustment (COLA) is provided upon the earlier of the retiree having attained age 60 or the fifth anniversary for firemen or second anniversary for policemen of the pension commencement date and on each January 1st thereafter.

b. Second Tier Plan

Retirement benefits for members with at least 20 years of vesting service and the attainment of age 45 or more are calculated at 2.50% of the member's final wages multiplied by years of credited service. Retirement benefits for members with at least 10 years of vesting service, but less than 20 years of vesting service, and attainment of age 50 or more are calculated at 2.50% of the member's final wages multiplied by the member's years of credited service.

Plan members are eligible for service-connected disability benefits and for ordinary disability benefits. Disability retirement benefits are calculated as the greater of 50% of the member's final wages or 2.50% of the member's final wages multiplied by years of credited service. Death benefits are calculated as the greater of 50% of the member's final wages or 75% of the calculation of a retiree as mentioned in the preceding paragraph. A qualified spouse with no qualifying children is entitled to receive 100% of member's death benefit. If there are qualifying children, a qualified spouse receives two-thirds of the death benefit and qualified children equally share the remaining third. If there is no qualifying spouse, then the qualifying children are entitled to equally share two-thirds of the member's death benefit. COLAs are not provided to retirees under the Second Tier Plan.

The FPPF is maintained under the provisions of Article 6243b of Vernon's Annotated Texas Statutes. All current FPPF provisions are set forth in the City of El Paso Firemen and Policemen's Pension Fund Plan Document as Restated Effective July 1, 2007. Benefit provisions, contribution obligations and funding policy of the Fund are established and amended in accordance with authority granted by Article 6243b of Vernon's Annotated Texas Statutes. The costs of administering the Fund are paid out of the Fund's assets. The complete Plan Document containing benefit and vesting provision in their entirety is available at the Pension office.

c. Deferred Retirement Option Program (DROP)

Base Plan and Second Tier Plan members who are at least 45 years old with at least 20 years of credited service are eligible to participate in a Forward DROP by an irrevocable written election.

NOTE 13. PENSION PLANS (continued)

At the date participation in the Forward DROP begins, the participant's years of credited service and average final compensation become frozen for purposes of determining pension benefits. The participant is considered retired related to the Fund and does not accrue additional retirement benefits, except for annual benefit cost-of-living adjustments, if applicable. Upon retirement, the participant receives the lump sum of the total of the monthly retirement benefits between the benefit computation date and the retirement date and then begins receiving the monthly benefit. Each Forward DROP participant's monthly pension is tracked by an individual DROP account between the date participation in the Forward DROP begins and the retirement date and accrued as a liability on the statement of fiduciary net position. Forward DROP balances are not credited with investment gains and losses. As of December 31, 2021 the DROP payable totaled \$67,558,169.

2. Basis of Accounting

The accounting policies of the Fund have been established to conform to GAAP for state and local governments as promulgated by authoritative pronouncements issued by GASB. The Fund is accounted for on an economic resources measurement focus using the accrual basis of accounting.

3. Valuation of Investments

Investments are stated at fair value in the accompanying statements of fiduciary net position. The fair value of marketable investments is determined by the latest bid price, closing exchange price at year end, institutional bid evaluation or NAV as considered appropriate for each investment type by the Custodian. The estimated fair value of alternative investments is based on the most recent valuations provided by the external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Third-party investment managers administer substantially all marketable securities of the Fund. Gains and losses resulting from securities transactions are recorded in investment income.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net change in fair value of investments reflected in the accompanying statements of changes in fiduciary net position available for benefits represents the net realized and unrealized gains or losses on investments, which equals the difference between the cost and the fair value of investments at the beginning versus the end of the year, plus or minus gains or losses realized during the year.

4. Contributions Required and Contributions Made

Funding policies providing for periodic employer contributions are determined by City Charter, and employee contributions are established by the Board of Trustees and a vote of active

NOTE 13. PENSION PLANS (continued)

participants in accordance with Article 6243b (Act) of Vernon's Annotated Texas Statutes. Actuarial valuations are prepared biennially for the Fund.

In the event, based upon the results of the actuarial valuations, a qualified actuary determines that the total contribution rate is insufficient to amortize an unfunded actuarial accrued liability, the City's governing body may increase its contribution rate.

Based upon the results of the actuarial evaluations, if present contribution requirements are insufficient to accumulate sufficient assets to amortize the unfunded actuarial accrued liability, the FPPF's Board of Trustees, after approval by secret ballot of the rank and file policemen or firemen, could increase participant contributions or decrease participant benefits to maintain the actuarial integrity of the system. The City's contribution is determined by a formula set forth in the City Charter.

Employer contributions for the year ended December 31, 2021 were \$14,408,451 and \$18,669,077 for the Firemen and Policemen Divisions, respectively.

5. Securities Lending Transactions

The Fund is authorized to enter into securities lending transactions under Texas State Statutes Section 2256.0015. The Fund has a securities lending agreement with the Custodian under which Fund-owned investments are lent to one or more approved borrowers for a fee. The Custodian, as lending agent, is responsible for collecting required collateral in the form of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by banks independent of the borrowers. The lending agent is authorized to enter into securities lending transactions of U.S. and non-U.S. securities in accordance with the terms of a securities lending authorization agreement.

The lending agent has indemnified the Fund harmless from any losses, damages, costs or expenses the Fund may incur if the lending agent is unable to recover borrowed securities or distributions made during the term of the loans with respect to those securities as a result of the lending agent's failure to make a reasonable determinations of the creditworthiness of a borrower, demand adequate and appropriate collateral on a timely basis or to perform its duties under the agreement with the Fund. The agreement states that collateral must have a market value equal to no less than 100% of the market value of the borrowed securities.

Each business day, the lending agent and the Fund determine the fair value of the collateral and the borrowed securities. The Fund's security lending policy requires investment grade securities. Cash collateral received from the borrower is subsequently reinvested in a securities lending collateral investment pool. As of December 31, 2021, the Fund's securities lending obligation exceeded the fair value of the underlying securities.

The following tables summarize the fair value measurements of lent securities, cash collateral received, and the fair value of the reinvested cash collateral:

NOTE 13. PENSION PLANS (continued)

Securities Lent	December 31, 2021		
	Fair Value of Underlying Securities	Collateral Received	Collateral Investment Value
Domestic Equities	\$ 66,530,914	\$ 68,339,532	\$ 68,376,468 ^(a)

(a) This amount includes the FPPF's Staff Plan's portion of the investment portfolio which is not included in the Statement of Fiduciary Net Position.

6. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2022 actuarial valuations used in the determination of the total pension liability at December 31, 2021, the measurement date, the entry age normal cost method was used.

The actuarial assumptions included a 7.75% investment rate of return (net of administrative expenses), projected salary increases of 2.75%, which includes an inflation rate of 2.75% per year. A 3% COLA is provided at age 60 or on the fifth anniversary of the pension commencement. Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2020.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

NOTE 13. PENSION PLANS (continued)

Equities	Long-term Expected Real Rate of Return	Target Allocation
Large Cap Domestic	5.81%	19.25%
Small Cap Domestic	6.00%	8.25%
International Equity	6.32%	22.50%
Emerging Markets	7.70%	5.00%
Real Estate	3.92%	10.00%
Private Equity	6.75%	15.00%
Fixed Income	2.26%	20.00%

7. Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the Fund’s contributions will continue to follow the current funding policy. Based on the actuarial assumptions applied, the Fund’s fiduciary net position is projected to be available to make all projected future benefit payments of current plan members for all future years and hence, the blended GASB discount rate is equal to the long-term rate of return of 7.75%. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended August 31, 2022 were as follows:

	Firemen Division		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2021	\$ 834,487,344	\$ 702,531,266	\$ 131,956,078
Changes for the Year:			
Service Cost	11,925,758	—	11,925,758
Interest (On the Total Pension Liability)	63,838,591	—	63,838,591
Differences Between Expected and Actual Experience	(555,072)	—	(555,072)
Contributions by the City	—	14,408,451	(14,408,451)
Contributions by the Firefighters	—	13,157,299	(13,157,299)
Net Investment Income	—	111,324,499	(111,324,499)
Benefit Payments	(45,378,709)	(45,378,709)	—
Assumption Changes	7,437,585	—	7,437,585
Administrative Expenses	—	(974,295)	974,295
Net Changes	<u>37,268,153</u>	<u>92,537,245</u>	<u>(55,269,092)</u>
Amounts as of December 31, 2021	<u>\$ 871,755,497</u>	<u>\$ 795,068,511</u>	<u>\$ 76,686,986</u>

NOTE 13. PENSION PLANS (continued)

Policemen Division			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of January 1, 2021	\$ 1,205,604,874	\$ 1,016,898,601	\$ 188,706,273
Changes for the Year:			
Service Cost	16,455,376	—	16,455,376
Interest (On the Total Pension Liability)	92,079,242	—	92,079,242
Differences Between Expected and Actual Experience	(1,881,484)	—	(1,881,484)
Contributions by the City	—	18,669,077	(18,669,077)
Contributions by the Policemen	—	17,006,742	(17,006,742)
Net Investment Income	—	162,962,774	(162,962,774)
Benefit Payments	(67,881,998)	(67,881,998)	—
Assumption Changes	19,952,121	—	19,952,121
Administrative Expenses	—	(951,593)	951,593
Net Changes	<u>58,723,257</u>	<u>129,805,002</u>	<u>(71,081,745)</u>
Amounts as of December 31, 2021	<u>\$ 1,264,328,131</u>	<u>\$ 1,146,703,603</u>	<u>\$ 117,624,528</u>

8. Sensitivity to Interest Rate Changes

The following table presents the resulting net pension liability (asset) calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percent lower or one-percent point higher than the current rate:

Firemen Division		
1% Decrease (6.75%)	Current Single Rate Assumption (7.75%)	1% Increase (8.75%)
\$ 195,197,600	\$ 76,686,986	\$ (19,869,963)

Policemen Division		
1% Decrease (6.75%)	Current Single Rate Assumption (7.75%)	1% Increase (8.75%)
\$ 287,950,126	\$ 117,624,528	\$ (21,287,913)

9. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan

For the year ended August 31, 2022, the City recognized a credit to the pension expense, as measured in accordance with GASB Statement No. 68, of \$9,959,032 for firemen division and \$12,105,488 for policemen division, and reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

NOTE 13. PENSION PLANS (continued)

Firemen Division		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference Between Projected and Actual Earnings on Pension Plan Investments	\$ —	\$ 75,009,523
Change in Assumptions	6,482,189	—
Differences Between expected and Actual Experience	1,599,808	2,284,534
Contributions Subsequent to Measurement Date	9,782,162	—
	<u>\$ 17,864,159</u>	<u>\$ 77,294,057</u>
Policemen Division		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ —	\$ 113,163,339
Changes in Assumptions	15,121,099	—
Differences Between Expected and Actual Experience	1,048,748	1,425,919
Contributions Subsequent to Measurement Date	12,933,820	—
	<u>\$ 29,103,667</u>	<u>\$ 114,589,258</u>

Contributions of \$22,715,982 were reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date but before the end of the City's reporting period will be recognized as a reduction in the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as deferred outflows or deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Fiscal Year Ending August 31,	Policemen Division	Firemen Division
2022	\$ (19,462,983)	\$ —
2023	(41,482,172)	(12,536,967)
2024	(20,955,466)	(30,640,168)
2025	(16,518,790)	(15,731,552)
2026	—	(10,303,373)
Total	<u>\$ (98,419,411)</u>	<u>\$ (69,212,060)</u>

NOTE 14. TAX ABATEMENTS

The City provides Chapter 380, 351, and 312 type incentive agreement opportunities for new, expanding, and/or retaining business projects. Consideration for financial incentives is given to any business or commercial development project with the possibility of substantially enhancing the economic health of the City. An incentive is proposed if the project results in a net increase and/or retention of quality jobs, adds to the tax base, improves and/or enhances economic welfare of residents or businesses of the City, and/or demonstrates the potential to generate revenues to the City which outweigh costs associated with incentives. Projects must demonstrate public purpose, economic benefit, increase private capital investment in the community, or encourage development in targeted City locations, businesses or clusters that enhance the City's economy.

Through the State of Texas, the City receives Chapter 351 Hotel Occupancy Tax (HOT) Rebates to disburse to hotels participating in the Chapter 380 Agreements upon completion of certain criteria. Per State Code, hotel projects in certain municipalities can receive rebates of the state hotel occupancy tax and sales tax revenue they collect, as well as their collections of local hotel taxes, sales taxes, mixed beverage taxes and property taxes. To be eligible, these hotel projects must be within 1,000 feet of a convention center facility, and the hotel or its land must be owned by the city. Tax receipts from meeting spaces, restaurants and shops, convention center entertainment-related facilities, parking facilities and water and sewer systems may be eligible for the rebates as well. The hotel owners can receive these rebates for 10 years after opening. As of the end of the fiscal year, only one hotel was participating in this program.

Applicant's must provide solid evidence of financial stability and capacity to complete the project, be compliant with all local, state and federal laws, and be current on all City taxes and any other obligation to the City.

The City has not entered into agreements with other governments that would reduce the reporting government's tax revenues. Other governments are not authorized to enter into tax abatement agreements that reduce the City's tax revenue without the City's consent.

The City's Incentives Policy, Guidelines and Criteria**• Qualification Criteria**

Projects are required to meet qualifying standards in at least one of four (4) categories detailed in the City of El Paso Incentives Policy - Guidelines and Criteria (Incentive Policy) to be eligible for incentives:

- Category 1: Related to Quality Jobs, is eligible for a 40% grant.
- Category 2: Related to Business-Type, is eligible for a grant up to 50%.
- Category 3: Related to Capital Intensive Projects. Policy guidelines for specified percentage of jobs above the Median County Wage and specified ranges of Capital Investment, companies may be eligible for grants ranging between 60% to 70%.
- Category 4: Related to Increased Productive Capacity, is eligible for a 50% grant.
- Category 5: Related to Retail Development / Destination Retail / Retail Distribution Center to be eligible for up to a 100% rebate on the city's portion of property taxes (incremental to base year value) and/or up to 100% rebate on the City's portion of sales taxes.

NOTE 14. TAX ABATEMENTS (continued)

- **Bonus Incentives**

An additional 10% rebate amount, not to exceed 100% may also be available to those companies that meet at least one of the criteria detailed in the Incentive Policy related to company location, corporate headquarter operations and minimum personnel employed, research and development, employment of veterans, collaboration or business partnerships with higher education institutions or technical institutions, and wages.

- **Economic Development Incentives**

Upon completion of an economic impact analysis, the Economic & International Development Department will consider and recommend projects for incentives. The majority of incentives are based on the Chapter 380 Agreement. However, the City reserves the right to use any other source (City, State, Federal, Foundation, etc.) in the award of incentives.

- **Ineligible and Restricted Areas and Use**

Projects that have been issued a building permit, including any conditional permits or projects that do not meet the wage requirements, except as specified in the Incentive Policy are not eligible for incentives.

Incentive Programs Available

1. Infill Development Programs (380 and 312)

Program Policy - project consideration includes the potential impact of the reinvestment project on the immediate and surrounding area. Revitalization strategy for future growth and results in the creation of additional jobs in the City, the value of such benefits to the City outweighing the amount of the rebate the City will provide under the agreement.

Eligibility Criteria - the property must meet the definition for infill development per Section 20.02.471, located within the jurisdiction limits of the City and must meet the location criteria, as per Subsection 20.10.280(B) of the City Code.

Recapture - if a project is not completed as specified or if the terms of the agreement are not met, the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.

City Commitment – release of liens, if approved, as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens.

Infill 380 Agreements:

Purpose - facilitates loans or grants of public funds for the purposes of promoting local economic development and stimulating business and commercial activity within the City. It also provides financial incentives to develop vacant and underutilized properties within the city limits, in accordance with Title 20 of the City Code.

Tax Incentive - rebate 100% of the City's 1% portion of sales tax.

Authority - Chapter 380 of the Texas Local Government Code.

NOTE 14. TAX ABATEMENTS (continued)

Rebate Determination - a rebate package must be submitted no more than once a year during the term of the contract along with documentation of qualified expenditures incurred in the construction of the development and the applicant has paid or caused to be paid all the City's local sales and use taxes associated with the qualified expenditures in accordance with their specific agreement.

Recipient Commitment – meet all the requirements of the agreement and demonstrate they have not incurred any delinquent taxes by providing certified city tax certificates for each parcel of property owned in the City of El Paso.

Infill 312 Agreements:

Purpose - provides financial incentives to develop vacant and underutilized properties within the city limits, in accordance with Title 20 of the City Code.

Tax Incentive - a percentage based upon the increased value of the Real Property over the value in the base year.

Authority - State of Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code.

Rebate Determination - submit a detailed site development plan in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. If approved, the percentage of the incentive will be based on the project.

Recipient Commitment - meet all of the general and qualifying criteria in the City's Incentive Policy, and provide "added value" to a property in which the minimum property value is established by the provision in that policy.

2. El Paso Strategic Agreements

Purpose - the majority of Strategic Agreements are for the purpose of retention and quality job creation, expansion, and promote tourism. Also designed to provide employment and training to residents and economically disadvantaged individuals.

Eligibility Criteria - mainly to create, expand, and retain quality jobs.

Tax Incentive - a rebate of a percentage of personal and real property taxes and/or a rebate of a percentage of City's 1% sales and use tax revenues.

Authority - Chapter 380 of the Texas Local Government Code and State of Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code.

Rebate Determination - a rebate package must be submitted no more than once a year during the term of the contract along with documentation of qualified expenditures incurred and the applicant has paid or caused to be paid all the City's local sales and use taxes associated with the qualified expenditures in accordance with their specific agreement. Incentives will be considered on a project-by-project basis. In relation to rebate of personal and real property taxes, applicant must submit a detailed site development plan in accordance with Title 20 of the City Code to be reviewed by the City's Planning Division. If approved, the percentage of the incentive will be based on the project.

Recapture - the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.

NOTE 14. TAX ABATEMENTS (continued)

Recipient Commitments - varies by agreement, including investment in real and personal property, to create quality job opportunities, to retain jobs, create a workforce which provides training that leads to a Bachelor's or Associates degree and/or Licensed Certification. Commitment to maintain business activities for a period of time.

City Commitment - after approval of the applicant's submitted package, payments will be processed within ninety (90) days.

3. Multi-Family

Purpose - to establish a short-term city-wide multi-family housing needs incentive policy and accompanying Chapter 380 grant program that promotes and stimulates business activity, resulting in immediate construction of large-scale multi-family housing developments, alleviating the critical housing needs of the City related to Fort Bliss expansion.

Eligibility Criteria - project must construct one or more new multi-family housing structure each consisting of at least 150 housing units.

Tax Incentive - rebate 100% of the property tax increment for 5 years not to exceed the City's portion.

Abatement Authority - Texas Constitution and Chapter 380, Texas Local Government Code.

Rebate Determination - If approved, applicant shall be eligible for an annual grant payment in an amount not to exceed 100% of the total value of the city's portion of the incremental ad valorem property tax revenue generated by the subject property above the Base Year Value for the Development for the Grant Period. Incentives will be considered on a project-by-project basis.

Recapture - the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously secured by City liens against the property.

Recipient Commitments - subject to requirements specified in the Multi-Family Housing Needs Incentive Policy and Chapter 380 Grant Program, pursuant to Chapter 380, Texas Local Government Code. Minimum construction requirements, site development plan, businesses or individuals must be current on all city taxes or any other obligation to the City, demonstrate approved permits have been obtained under Federal, State, and local laws.

City Commitment - after approval of the applicant's submitted package, payments will be processed within ninety (90) days.

4. Transit Oriented Development (TOD)

Purpose - encourage the growth and development of a mix of commercial, residential, office and entertainment centered around or located near a transit station. To spur economic development and improve the quality of life for the City residents while reducing the City's carbon footprint.

Program Policy - project consideration includes the potential impact of project on the immediate and surrounding area. To be considered for incentives under this policy, the proposed infill development project must comply with the mandatory design requirements and no less than three of the selective design requirements as identified in Subsection 20.10.280 (C) of the City Code.

Eligibility Criteria - project must be located within TOD incentive areas, meet mandatory design requirements and the project must be in compliance with all local, state and federal laws. TOD incentive areas are in accordance with the policy.

NOTE 14. TAX ABATEMENTS (continued)

Tax Incentive – includes rebates of building and planning permit fees, lien waivers, construction materials sales tax, property and/or sales and use tax.

Authority – Chapter 312 of the Texas Tax Code.

Rebate Determination – the City Manager or designee will consider requests for financial incentives in accordance with these policies, the City Code, the Texas Tax Code, and the Texas Local Government Code.

Recapture – if a project is not completed as specified, or if the terms of the agreement are not met, the City has the right to cancel or amend the incentive agreement, recapture any rebated or exempted taxes, and assess penalty payments for the amounts previously paid, which can be secured by City liens against the property and all previously waived fees and abated taxes shall become due to the City.

Recipient Commitments – comply with procedural guidelines, submit a detailed site development plan in accordance with Title 20 of the City Code. Show financial stability and capacity to complete the project. Demonstrate compliance with all local, state and federal laws.

City Commitment - release of liens, if approved, as the result of condemnation, demolition, sanitation, or other city-imposed non-property tax liens, excluding Community Development or other federally-funded liens.

<u>Incentive Programs</u>	<u>Amount of Tax Incentives during the Fiscal Year</u>
El Paso Strategic Incentive	\$ 3,290,976
Infill Development Incentive	3,238,949
Multi Family Incentive	143,291
Transit Oriented Development Incentive	1,698,255
Total	<u>\$ 8,371,471</u>

NOTE 15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

A summary, by department, of expenditures exceeding appropriations at the legal level of budgetary control in the general fund is as follows:

Department	Total
City Attorney	\$ 2,121,602
Non Departmental	1,933,122
Fire Department	1,852,487
City Clerk	894,901
Human Resources	266,853
Economic Development	113,573
Capital Improvement Department	34,131
Planning and Inspections	28,327

Expenditures exceeding appropriations were funded through budget savings in other departments. According to the City Code Sections 7.2 and 7.3, City Council shall reduce appropriations if they are exceeding income. Expenditures in excess of gross revenues during the fiscal year is prohibited. As of August 31, 2022 total expenditures for the general fund did not exceed revenues collected for the year.

NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements which are not yet effective.

Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements

This Statement was issued March 2020 to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The application of this Statement becomes effective for the City in fiscal year 2023.

Statement No. 96: Subscription-Based Information Technology Arrangements

This Statement was issued May 2020 to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The application of this Statement becomes effective for the City in fiscal year 2023.

Statement No. 99: Omnibus 2022

This Statement was issued April 2022 to addresses practice issues that were identified during implementation and application of certain GASB Statements. The practice issues addressed by this Statement are as follows:

- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument

The application of this Statement becomes effective for the City in fiscal year 2023 and fiscal year 2024.

NOTE 16. IMPLEMENTATION OF FUTURE GASB STANDARDS (continued)**Statement No. 100: *Accounting Changes and Error Corrections***

This Statement was issued June 2022 to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The application of this Statement becomes effective for the City in fiscal year 2024.

Statement No. 101: *Compensated Absences*

This Statement was issued June 2022 to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The application of this Statement becomes effective for the City in fiscal year 2025.

The City of El Paso will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the City's financial statements.

NOTE 17. SUBSEQUENT EVENTS

On November 8, 2022 the citizens of El Paso voted to approve three bond propositions. Proposition A authorized the City of El Paso to issue general obligation bonds in the principal amount of \$246,480,000 for permanent public improvements and public purposes to wit: designing, acquiring, constructing, improving, resurfacing, repairing, extending, expanding, and enhancing streets, thoroughfares, alleys, sidewalks, bridges, streetscapes, screening walls, and other public ways, participation in joint projects with federal, state and local public entities and agencies, computerized signalization and monitoring equipment and other traffic controls, grade separations, street lighting, necessary or incidental utility relocation, associated drainage improvements and acquiring land, easements, right-of-way, and other real property interests necessary. Proposition B authorized the City of El Paso to issue general obligation bonds in the principal amount of \$20,800,000 for permanent public improvements and public purposes relating to park and recreational facilities, including all abilities playgrounds, shade structures, and open spaces and acquiring land, easements, rights-of-way, and other real property interests necessary. Proposition C authorized the City of El Paso to issue general obligation bonds in the principal amount of \$5,200,000 for permanent public improvements and public purposes to wit: designing, constructing, improving, renovating, expanding, enhancing, and equipping existing City facilities for renewable energy and resource use efficiency improvements and planning, including photovoltaic and solar panel installations, urban heat, mobility and climate action planning, and modernization to existing City facilities to meet green building standards and in connection with the foregoing, acquiring land, easements, rights-of-way, and other real property interests necessary. As of the day of release of this ACFR, no bonds have been issued toward these authorizations.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
General Fund
For the Year Ended August 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	% of Budget
	Original	Final			
Resources (Inflows):					
Property Taxes	\$ 235,929,354	\$ 235,929,354	\$ 236,394,480	\$ 465,126	100.20 %
Penalties and Interest-Delinquent Taxes	—	—	1,460,492	1,460,492	100.00 %
Sales Taxes	105,957,017	107,561,044	130,484,429	22,923,385	121.31 %
Franchise Fees	49,750,000	49,750,000	60,832,018	11,082,018	122.28 %
Licenses and Permits	12,743,122	12,743,122	13,753,054	1,009,932	107.93 %
Fines and Forfeitures	5,653,301	5,653,301	7,540,489	1,887,188	133.38 %
Charges for Services	25,595,317	25,595,317	30,467,689	4,872,372	119.04 %
Intergovernmental Revenues	1,168,809	1,168,809	1,357,980	189,171	116.18 %
Rents and Other	10,613,912	10,983,782	11,036,444	52,662	100.48 %
Investment Earnings (Losses)	125,000	125,000	(2,650,020)	(2,775,020)	(2,120.02)%
Proceeds from Sale of Capital Assets	—	—	931	931	100.00 %
Leases (as lessee)	—	—	5,004,376	5,004,376	100.00 %
Transfers in	28,695,033	39,395,033	31,917,708	(7,477,325)	81.02 %
Amounts Available for Appropriation from Current Year Resources	476,230,863	488,904,761	527,600,070	38,695,309	107.91 %
Charges to Appropriations (Outflows):					
General Government:					
Mayor and Council	1,669,697	1,669,697	1,629,607	40,090	97.60 %
City Manager	3,785,324	3,785,324	3,703,407	81,917	97.84 %
City Clerk	778,110	778,110	1,673,011	(894,901)	215.01 %
Office of the Comptroller	2,969,707	2,969,707	2,944,073	25,634	99.14 %
Purchasing and Strategic Sourcing	1,743,811	1,743,811	1,734,925	8,886	99.49 %
Information Technology	21,442,986	21,442,986	21,082,380	360,606	98.32 %
City Attorney	4,593,071	4,593,071	6,714,673	(2,121,602)	146.19 %
Human Resources	2,577,080	2,577,080	2,843,933	(266,853)	110.35 %
Public Safety and Community Services:					
Police Department	161,991,630	161,991,630	156,357,049	5,634,581	96.52 %
Fire Department	123,215,321	123,215,321	125,067,808	(1,852,487)	101.50 %
Municipal Court	5,346,895	5,346,895	5,105,620	241,275	95.49 %
Public Health	6,809,247	6,809,247	6,010,864	798,383	88.28 %
Transportation and Public Works:					
Capital Improvement Department	6,915,552	6,915,552	6,949,683	(34,131)	100.49 %
Streets and Maintenance	45,652,341	46,022,212	45,495,107	527,105	98.85 %
Development and Tourism:					
City Development:					
Planning and Inspections	6,950,879	6,950,879	6,979,206	(28,327)	100.41 %
Economic Development	1,961,689	1,961,689	2,075,262	(113,573)	105.79 %
Community and Human Development	945,421	945,421	682,597	262,824	72.20 %
Culture and Recreation:					
Museums and Cultural Affairs	3,327,737	3,327,737	2,639,872	687,865	79.33 %
Zoo	5,521,712	5,521,712	5,149,643	372,069	93.26 %
Library	9,021,338	9,021,338	7,978,567	1,042,771	88.44 %
Parks Department	35,558,487	35,558,487	30,641,912	4,916,575	86.17 %
Non Departmental:					
Non Departmental	23,452,826	35,756,854	37,689,976	(1,933,122)	105.41 %
Total Charges to Appropriations	476,230,863	488,904,761	481,149,175	7,755,586	98.41 %
Increase in Fund Balance:	—	—	46,450,895	46,450,895	
Fund Balance - Beginning of Year	—	—	104,102,046	—	
Fund Balance - End of Year	\$ —	\$ —	\$ 150,552,941	\$ 46,450,895	

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
Community Development Block Grants Fund
For the Year Ended August 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$ 9,930,541	\$ 10,796,612	\$ 9,367,752	\$ (1,428,860)
Charges for Services	1,972,903	2,604,631	2,824,757	220,126
Investment Earnings	—	—	(254,289)	(254,289)
Rents and other	—	733,981	423,950	(310,031)
Total Revenues	11,903,444	14,135,224	12,362,170	(1,773,054)
EXPENDITURES				
Current				
General Government	60,280	60,280	36,760	23,520
Culture and Recreation	60,000	60,000	27,420	32,580
Community and Human Development	11,783,164	13,217,416	6,279,055	6,938,361
Capital Outlay	—	797,528	2,007,410	(1,209,882)
Total Expenditures	11,903,444	14,135,224	8,350,645	5,784,579
Net Change in Fund Balance	—	—	4,011,525	4,011,525
Fund Balance - Beginning of Year	—	—	7,480,891	—
Fund Balance - End of Year	\$ —	\$ —	\$ 11,492,416	\$ 4,011,525

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
Budget to Actual Schedules
For the Year Ended August 31, 2022

General Budget Policies

The City adopts an annual budget for the General Fund, CDBG, Debt Service Fund, Internal Service Funds and the operations of the enterprise funds. Unexpended appropriations for these funds lapse at the fiscal year end. Capital project funds are generally budgeted on a project basis that allows spending beyond the fiscal year end until the project is complete. Other special revenue funds such as the COVID-19 Relief Grants Funds, do not have appropriated budgets since other means control the use of these resources (e.g. grant awards) and sometimes span a period of more than one fiscal year. The level of budgetary compliance is at the object level for appropriations and every City department is responsible for staying within budget constraints.

The budgets for all funds are prepared on a modified accrual basis. Purchases of materials, supplies, and equipment are considered expended when bought and depreciation expense for budgetary purposes is excluded. Encumbrances are considered obligations when the commitment is incurred. All appropriations and encumbrances in all governmental funds, with the exception of certain special revenue and capital projects funds are considered lapsed at the end of the fiscal year. However, some encumbrances can be re-committed in the following year with proper approval.

The City uses the performance budgeting concept, which focuses on goals, objectives, evidence, and results, such as the City's Strategic Plan. Departments prepare their budget based on their prior year budget while utilizing the Budget Manual. Revenue generating departments must also include revenue estimates in their requested budget submittals. The City Manager establishes parameters for the upcoming fiscal year and provides programmatic direction to the departments in preparing their operating and capital budget requests in accordance with the City's Strategic Plan and City Council's guidance. The City Manager's Proposed Budget is filed with the City Clerk and the County Clerk in July and distributed to City Council, directors, the media, and posted on the City's website.

Review sessions and public hearings are scheduled during July and August to provide an opportunity for City Council and the citizens to ask questions, make recommendations, and gain a better understanding of the operations of each department. Budget policy dictates the budget be balanced meaning the appropriations from each fund may not exceed the resources available for the fiscal year. These resources include estimated revenues and the unassigned balance in the fund at the beginning of the year. The budget is adopted by resolution, subject to the Mayor's veto, no later than the day before the first day of the fiscal year.

The legal level of budgetary compliance is at the object level for the use of appropriations. Department heads are authorized to request budget transfers not to exceed \$25,000 within the same department. Budget transfers exceeding \$25,000 that are within the same department may be approved by the City Manager. The City Manager is authorized to make budget transfers between departments not to exceed \$50,000. Budget transfers between departments exceeding \$50,000 shall require City Council approval. A budget transfer must be approved prior to the occurrence of the expenditure, except for emergency expenditures when approved by the City Manager and ratified by the City Council.

Budgetary Compliance

The overall expenditures of the funds did not exceed the total appropriation.

CITY OF EL PASO, TEXAS
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
August 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 3,744,222	\$ 3,314,888	\$ 5,363,765	\$ 4,505,048	\$ 4,225,901
Interest	3,319,879	3,694,724	4,687,371	5,708,937	5,513,502
Differences Between Expected and Actual Experience	13,857,255	(387,816)	(17,648,291)	(20,369,370)	238,818
Changes in Assumptions or Other Inputs	(65,584,361)	8,637,180	(6,674,574)	25,010,447	—
Benefit Payments	(3,453,305)	(3,628,953)	(4,017,852)	(4,404,581)	(4,681,165)
Net Change in Total OPEB Liability	<u>(48,116,310)</u>	<u>11,630,023</u>	<u>(18,289,581)</u>	<u>10,450,481</u>	<u>5,297,056</u>
Total OPEB Liability - Beginning	168,416,162	156,786,139	175,075,720	164,625,239	159,328,183
Total OPEB Liability - Ending	<u>\$ 120,299,852</u>	<u>\$ 168,416,162</u>	<u>\$ 156,786,139</u>	<u>\$ 175,075,720</u>	<u>\$164,625,239</u>
Covered Employee Payroll	\$ 242,052,528	\$ 233,789,649	\$ 226,430,653	\$ 293,866,493	\$284,616,458
Total OPEB Liability as a Percentage of Covered Employee Payroll	49.7 %	72.0 %	69.2 %	59.6 %	57.8 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date.

There are no assets accumulated in a trust that meets the criteria of GASB Codification P52.101 to pay related benefits for the OPEB plan.

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
OPEB Plan
August 31, 2022

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year	Discount Rate
2018	3.42%
2019	2.63%
2020	2.33%
2021	1.95%
2022	3.91%

Discount Rate:

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to the discount rate in 2022. The discount rate increased from 1.95% to 3.91%. This resulted in a decrease in the Total OPEB Liability of approximately \$48.1 million which is a component of changes in inputs and assumptions.

Mortality Rates:

Mortality improvement scale was updated from Scale MP-2019 to Scale MP-2021.

PSB Retirees:

The PSB retirees were excluded from this valuation because the PSB is responsible for the cost of the benefits, not the City.

Methods and assumptions used to determine the total OPEB Liability for the most recent year include:

- a. Valuation date: August 31, 2022
- b. Inflation: 2.40%
- c. Salary increases, including inflation: 3.25%
- d. Discount rate: 3.91% for 2022, 1.95% for 2021
- e. Medicare eligibility: All current and future retirees are assumed to be eligible for Medicare at age 65
- f. Mortality Rate:
 - Pre-Retirement: PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee Mortality tables, Generational with Scale MP-2021
 - Post-Retirement: PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Healthy Retiree Mortality tables, Generational with Scale MP-2021
- g. Actuarial cost method: Entry age normal based on level percentage of pay method
- h. Amortization method: Experience gains and losses are amortized over a closed period equal to the average remaining service of active and inactive plan members (who have no future service). Investment gains and losses are amortized over a closed period of five years.

CITY OF EL PASO, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
City Employees Retirement Trust

	Measurement Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:								
Service Cost	\$ 20,839,564	\$ 21,392,493	\$ 20,769,411	\$ 20,418,111	\$ 20,418,111	\$ 23,021,764	\$ 22,243,250	\$ 20,691,396
Interest (on the Total Pension Liability)	81,834,164	78,045,365	75,886,822	72,439,238	70,199,486	66,845,529	64,244,529	61,812,817
Difference Between Expected and Actual Experience	1,526,057	—	—	16,640,620	—	(22,728,241)	115,295	4,691,256
Change in Assumptions	20,343	—	—	—	—	37,572,898	—	—
Benefit Payments, Including Refunds of Plan Member Contributions	(79,617,251)	(70,348,910)	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
Net Change in Total Pension Liability	24,602,877	29,088,948	30,007,656	48,383,587	30,223,482	50,328,321	35,814,137	34,602,635
Total Pension Liability - Beginning	1,083,475,771	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640	825,027,005
Total Pension Liability - Ending (a)	1,108,078,648	1,083,475,771	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640
Plan Fiduciary Net Position:								
Employer Contributions	25,603,188	25,296,642	25,761,130	25,651,488	24,882,041	23,370,111	22,916,913	21,830,044
Plan Member Contributions	15,099,360	16,114,139	16,410,115	15,540,713	14,877,977	14,886,249	14,595,935	14,039,600
Net Investment Income	202,050,667	102,470,526	9,080,390	66,346,632	74,909,886	40,260,073	(17,872,916)	107,723,189
Benefit Payments, Including Refunds of Plan Member Contributions	(79,617,251)	(70,376,992)	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
Administrative Expense	(2,441,214)	(2,138,910)	(2,263,591)	(2,145,874)	(1,241,521)	(1,417,530)	(1,355,351)	(1,143,272)
Other	—	3,868,236	—	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	160,694,750	75,233,641	(17,660,533)	44,278,577	53,034,268	22,715,274	(32,504,356)	89,856,727
Plan Fiduciary Net Position - Beginning	877,989,396	802,755,755	820,416,288	776,137,711	723,103,443	700,388,169	732,892,525	643,035,798
Plan Fiduciary Net Position - Ending (b)	1,038,684,146	877,989,396	802,755,755	820,416,288	776,137,711	723,103,443	700,388,169	732,892,525
Net Pension Liability - Ending (a) - (b)	\$ 69,394,502	\$ 205,486,375	\$ 251,631,068	\$ 203,962,879	\$ 199,857,869	\$ 222,668,655	\$ 195,055,608	\$ 126,737,115
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.74%	81.03%	76.13%	80.09%	79.52%	76.46%	78.22%	85.26%
Covered Payroll	\$171,985,126	\$177,409,564	\$172,242,295	\$167,225,529	\$161,026,109	\$156,336,028	\$158,990,084	\$153,613,608
Net Pension Liability as a Percentage of Covered Payroll	40.35%	115.83%	146.09%	121.97%	124.12%	142.43%	122.68%	82.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date.

CITY OF EL PASO, TEXAS
Schedule of Contributions
City Employees Retirement Trust

For the Year Ended August 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Determined Contribution	\$ 18,423,047	\$ 19,812,687	\$ 17,568,714	\$ 16,488,437	\$ 16,086,508	\$ 16,274,581	\$ 18,306,287	\$ 18,848,390	\$ 21,501,985
Contribution in Relation of the Statutorily Determined Contribution	26,096,411	25,416,971	27,369,717	25,761,130	25,651,488	25,327,071	23,370,111	22,916,913	21,739,159
Contribution Deficiency (Excess)	<u>\$ (7,673,364)</u>	<u>\$ (5,604,284)</u>	<u>\$ (9,801,003)</u>	<u>\$ (9,272,693)</u>	<u>\$ (9,564,980)</u>	<u>\$ (9,052,490)</u>	<u>\$ (5,063,824)</u>	<u>\$ (4,068,523)</u>	<u>\$ (237,174)</u>
Covered Payroll	\$ 176,284,754	\$ 171,985,126	\$ 172,242,295	\$ 167,225,529	\$ 161,026,108	\$ 156,336,028	\$ 158,990,084	\$ 153,613,608	\$ 152,911,275
Contributions as a Percentage of Covered Payroll	14.80%	14.78%	15.89%	15.41%	15.93%	16.20%	14.70%	14.92%	14.22%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. The actuarial report is completed at December 31 each year. Due to the fund not having an actuarial determined contribution, the actuarial valuation does not include the report described in paragraph 32 (c) of GASB Statement No. 67. The amounts listed above are the actual employer contributions. The City contribution rates are established by ordinance.

CITY OF EL PASO, TEXAS
Schedule of Investment Returns
City Employees Retirement Trust

	Measurement Year							
	2021	2020	2019	2018	2017	2016	2015	2014
City Employees Retirement Annual Money-Weighted								
Rate of Return, Net of Investment Expense	19.72 %	12.08 %	1.95 %	8.74 %	10.29 %	6.36 %	(2.86)%	17.22 %

Note: Until a full 10-year trend is compiled, years for which the information is available will be presented.

See Notes to Required Supplementary Information

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
City Employees Retirement Trust

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Valuation Date	September 1, 2020
Measurement Date	August 31, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	25 years
Asset Valuation Method	Plan invested assets are reported at fair value
Assumptions	
Inflation	2.60%
Discount Rate	7.25%
Salary Increases	3.00% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the CERT plan of benefits. Last updated for the 2011 valuation.

Other Information:

Notes	There were no benefit changes during the year
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CITY OF EL PASO, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
El Paso Firemen's Pension Fund

	Measurement Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:								
Service Cost	\$ 11,925,758	\$ 11,578,406	\$ 12,804,493	\$ 12,431,547	\$ 12,680,769	\$ 12,311,426	\$ 13,242,130	\$ 13,064,315
Interest	63,838,591	61,590,208	59,711,307	57,393,326	53,655,503	51,423,417	48,111,236	45,884,434
Changes of Benefit Provisions	—	—	—	—	2,076,057	—	—	—
Difference Between Expected and Actual Experience	(555,072)	—	(4,380,837)	—	13,674,129	—	6,786,957	—
Assumption Changes	7,437,585	—	—	—	4,558,043	—	8,142,272	—
Benefit Payments, Including Refunds of Employee Contributions	(45,378,709)	(43,630,409)	(41,699,623)	(38,877,156)	(37,453,448)	(33,152,701)	(31,487,924)	(29,886,861)
Net Change in Total Pension Liability	37,268,153	29,538,205	26,435,340	30,947,717	49,191,053	30,582,142	44,794,671	29,061,888
Total Pension Liability - Beginning	834,487,344	804,949,139	778,513,799	747,566,082	698,375,029	667,792,887	622,998,216	593,936,328
Total Pension Liability - Ending (a)	871,755,497	834,487,344	804,949,139	778,513,799	747,566,082	698,375,029	667,792,887	622,998,216
Plan Fiduciary Net Position:								
Contributions - Employer	14,408,451	13,517,944	12,789,438	12,271,270	11,796,406	11,295,350	10,785,306	10,853,759
Contributions - Employee	13,157,299	11,944,142	11,000,590	10,128,623	9,600,215	9,183,060	9,133,372	8,749,488
Net Investment Income	111,324,499	76,619,340	113,033,609	(33,674,035)	92,437,000	34,732,553	397,347	20,616,237
Benefit Payments, Including Refunds of Employee Contributions	(45,378,709)	(43,630,409)	(41,699,623)	(38,877,155)	(37,453,448)	(33,152,701)	(31,487,924)	(29,886,861)
Administrative Expense	(974,295)	(931,586)	(920,350)	(831,253)	(934,076)	(923,263)	(842,964)	—
Net Change in Plan Fiduciary Net Position	92,537,245	57,519,431	94,203,664	(50,982,550)	75,446,097	21,134,999	(12,014,863)	10,332,623
Plan Fiduciary Net Position - Beginning	702,531,266	645,011,835	550,808,171	601,790,721	526,344,624	505,209,625	517,224,488	506,891,865
Plan Fiduciary Net Position - Ending (b)	795,068,511	702,531,266	645,011,835	550,808,171	601,790,721	526,344,624	505,209,625	517,224,488
Net Pension Liability - Ending (a) - (b)	<u>\$ 76,686,986</u>	<u>\$ 131,956,078</u>	<u>\$ 159,937,304</u>	<u>\$ 227,705,628</u>	<u>\$ 145,775,361</u>	<u>\$ 172,030,405</u>	<u>\$ 162,583,262</u>	<u>\$ 105,773,728</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.20%	84.20%	80.13%	70.80%	80.50%	75.37%	75.65%	83.02%
Covered Payroll	\$ 77,033,367	\$ 72,235,513	\$ 68,727,915	\$ 65,506,552	\$ 62,828,632	\$ 60,098,560	\$ 59,773,377	\$ 57,261,047
Net Pension Liability as a Percentage of Covered Payroll	99.60%	182.70%	232.71%	347.61%	232.02%	286.25%	272.00%	184.72%

CITY OF EL PASO, TEXAS
Schedule of Contributions
El Paso Firemen's Pension Fund

For the Year Ended August 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Determined Contribution	\$14,145,917	\$14,235,994	\$13,065,562	\$11,822,380	\$12,108,930	\$11,520,756	\$11,253,886	\$11,374,689	\$10,568,857
Contribution in Relation of the Statutorily Determined Contribution	14,145,917	14,235,994	13,065,562	11,822,380	12,108,930	11,520,756	11,253,886	11,374,689	10,568,857
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	\$75,072,549	\$75,565,798	\$69,283,691	\$67,317,376	\$59,941,277	\$57,674,444	\$54,763,441	\$53,700,495	\$53,223,375
Contributions as a Percentage of Covered Payroll	18.84 %	18.84 %	18.86 %	17.56 %	20.20 %	19.98 %	20.55 %	21.18 %	19.86 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. The actuarial report is completed at December 31 each year. Due to the fund not having an actuarial determined contribution, the actuarial valuation does not include the report described in paragraph 32(c) of GASB Statement No. 67. The amounts listed above are the actual employer contributions. The City contribution rates are established by ordinance.

CITY OF EL PASO, TEXAS
Schedule of Investment Returns
El Paso Firemen's Pension Fund

	Measurement Year							
	2021	2020	2019	2018	2017	2016	2015	2014
El Paso Firemen's Pension Annual Money- Weighted								
Rate of Return, Net of Investment Expense	16.06 %	12.06 %	20.53 %	(5.68)%	16.92 %	7.20 %	0.57 %	4.27 %

Note: Until a full 10-year trend is compiled, years for which the information is available will be presented.

See Notes to Required Supplementary Information

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary Information
El Paso Firemen's Pension Fund

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Valuation Date	January 1, 2022
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	The unfunded actuarial accrued liability is amortized over 40 years assuming current contribution rates continue.
Remaining Amortization Period	17 years
Asset Valuation Method	Adjusted fair value, which phases in gains and losses (compared to the assumed investment return rate) over 5 years.
Assumptions	
Inflation	2.75%
Discount Rate	7.75%
Salary Increases	2.75% plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.75%
Retirement Age	<i>Base Plan</i> - Retirement upon the completion of 20 or more years of vesting service and age 45 or more <i>Second-Tier Plan</i> - Retirement upon the completion of 20 or more years of vesting service and age 45 or more
Mortality	Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2020.

CITY OF EL PASO, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
El Paso Policemen's Pension Fund

	Measurement Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:								
Service Cost	\$ 16,455,376	\$ 15,976,093	\$ 16,367,567	\$ 15,890,842	\$ 18,225,476	\$ 17,694,637	\$ 17,514,129	\$ 18,126,576
Interest (on the Total Pension Liability)	92,079,242	89,009,051	85,725,208	82,581,298	76,588,025	73,399,505	72,525,801	68,900,266
Changes of Benefit Provisions		—	—	—	3,818,159	—	—	—
Difference Between Expected and Actual Experience	(1,881,484)	—	2,731,235	—	27,354,947	—	(7,833,787)	—
Change in Assumptions	19,952,121	—	—	—	9,118,315	—	(26,714,735)	—
Benefit Payments, Including Refunds of Employee Contributions	(67,881,998)	(63,816,110)	(60,304,643)	(56,459,910)	(54,415,579)	(46,549,983)	(41,472,821)	(38,567,602)
Net Change in Total Pension Liability	58,723,257	41,169,034	44,519,367	42,012,230	80,689,343	44,544,159	14,018,587	48,459,240
Total Pension Liability - Beginning	1,205,604,874	1,164,435,840	1,119,916,473	1,077,904,243	997,214,900	952,670,741	938,652,154	890,192,914
Total Pension Liability - Ending (a)	1,264,328,131	1,205,604,874	1,164,435,840	1,119,916,473	1,077,904,243	997,214,900	952,670,741	938,652,154
Plan Fiduciary Net Position:								
Contributions - Employer	18,669,077	18,207,371	17,627,625	16,051,567	15,261,366	14,486,842	14,754,441	14,776,141
Contributions - Employee	17,006,742	15,774,848	14,280,541	12,630,482	11,703,802	11,081,648	11,347,467	10,898,003
Net Investment Income	162,962,774	112,500,498	165,833,901	(43,364,613)	129,985,437	50,933,392	2,582,550	30,039,506
Benefit Payments, Including Refunds of Employee Contributions	(67,881,998)	(63,816,110)	(60,304,643)	(56,459,910)	(54,415,579)	(46,549,983)	(41,472,821)	(38,567,602)
Administrative Expense	(951,593)	(953,899)	(919,613)	(847,951)	(974,083)	(860,435)	(842,965)	—
Net Change in Plan Fiduciary Net Position	129,805,002	81,712,708	136,517,811	(71,990,425)	101,560,943	29,091,464	(13,631,328)	17,146,048
Plan Fiduciary Net Position - Beginning	1,016,898,601	935,185,893	798,668,082	870,658,507	769,097,564	740,006,100	753,637,428	736,491,380
Plan Fiduciary Net Position - Ending (b)	1,146,703,603	1,016,898,601	935,185,893	798,668,082	870,658,507	769,097,564	740,006,100	753,637,428
Net Pension Liability - Ending (a) - (b)	\$117,624,528	\$188,706,273	\$ 229,249,947	\$321,248,391	\$207,245,736	\$228,117,336	\$212,664,641	\$185,014,726
Plan Fiduciary Net position as a Percentage of Total Pension Liability	90.7 %	84.3 %	80.30 %	71.3 %	80.8 %	77.12 %	77.7 %	80.29 %
Covered Payroll	\$102,388,573	\$ 99,923,025	\$ 95,292,546	\$ 89,173,129	\$ 84,260,634	\$ 79,781,483	\$ 81,695,227	\$ 78,459,345
Net Pension Liability as a Percentage of Covered Payroll	114.90 %	188.90 %	240.6 %	360.30 %	246.00 %	285.93 %	260.30 %	235.8 %

Other information:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date.

CITY OF EL PASO, TEXAS
Schedule of Contributions
El Paso Policemen's Pension Fund

For the Year Ended August 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Determined Contribution	\$18,492,868	\$18,646,997	\$17,917,522	\$16,520,290	\$15,713,769	\$15,170,772	\$14,305,485	\$15,219,313	\$14,573,609
Contribution in Relation of the Statutorily Determined Contribution	18,492,868	18,646,997	17,917,522	16,520,290	15,713,769	15,170,772	14,305,485	15,219,313	14,573,609
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	\$101,076,745	\$101,803,421	\$97,993,130	\$90,882,815	\$76,467,664	\$73,752,752	\$70,607,626	\$70,604,622	\$69,197,173
Contributions as a Percentage of Covered Payroll	18.30 %	18.32 %	18.28 %	18.18 %	20.55 %	20.57 %	20.26 %	21.56 %	21.06 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. The actuarial report is completed at December 31 each year. Due to the fund not having an actuarial determined contribution, the actuarial valuation does not include the report described in paragraph 32 (c) of GASB Statement No. 67. The amounts listed above are the actual employer contributions. The City contribution rates are established by ordinance.

CITY OF EL PASO, TEXAS
Schedule of Investment Returns
El Paso Policemen's Pension Fund

	Measurement Year							
	2021	2020	2019	2018	2017	2016	2015	2014
El Paso Policemen's Pension Annual Money-Weighted								
Rate of Return, Net of Investment Expense	16.29 %	12.23 %	20.80 %	(5.06)%	17.05 %	7.20 %	0.57 %	4.27 %

Note: Until a full 10-year trend is compiled, years for which the information is available will be presented.

See Notes to Required Supplementary Information

CITY OF EL PASO, TEXAS
Notes to the Required Supplementary
Information
El Paso Policemen’s Pension Fund

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Valuation Date	January 1, 2022
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	The unfunded actuarial accrued liability is amortized over 40 years assuming current contribution rates continue.
Remaining Amortization Period	16 years
Asset Valuation Method	Adjusted fair value, which phases in gains and losses (compared to the assumed investment return rate) over 5 years.
Assumptions	
Inflation	2.75%
Discount Rate	7.75%
Salary Increases	2.75% plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.75%
Retirement Age	<i>Base Plan</i> - Retirement upon the completion of 20 or more years of vesting service and age 45 or more <i>Second-Tier Plan</i> - Retirement upon the completion of 20 or more years of vesting service and age 45 or more
Mortality	Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2020.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**



NONMAJOR GOVERNMENTAL FUNDS



Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

FEDERAL GRANTS – This fund accounts for grants received from federal sources for transportation, human services, environmental, cultural, public safety, and homeland security activities.

STATE GRANTS – This fund accounts for grants received from state departments and agencies for transportation, human services, environmental, cultural, and public safety activities.

OTHER GRANTS – This fund accounts for grants which are not state or federal grants.

PUBLIC HEALTH GRANTS – This fund accounts for grants received from the state for public health services.

PUBLIC HEALTH WAIVER PROGRAM - This fund accounts for Medicaid waiver funding which under the state program allows for improvement in the quality of health services and the reduction of care costs. The City uses the program receipts to expand preventive health services and collaborate with community partners.

DESTINATION EL PASO - This fund accounts for the destination marketing, venue and event management, and convention development for the City.

ECONOMIC DEVELOPMENT - This fund accounts for activities associated with business development, redevelopment and advocacy services to the El Paso regional and international community to create jobs, increase the local tax base and expand existing businesses.

NONGRANTS – This fund accounts for funds received that are restricted by the donor (in the case of donation), City Council action, or other legislation. Funds received include donations, hotel occupancy tax, proceeds from police enforcement activities, environmental fees, park fees, animal shelter fees, repayment of business rehab loans (local program), and blended component units.

CITY OF EL PASO, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
August 31, 2022

	Special Revenue Funds								Total
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Nongrants	
ASSETS									
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 443,506	\$ 4,176,916	\$ 4,620,422
Cash with Fiscal Agent	—	—	—	—	—	6,236,616	—	—	6,236,616
Investments	—	—	—	—	—	—	38,272,103	34,217,478	72,489,581
Receivables - Net of Allowances									
Taxes	—	—	—	—	—	—	—	2,010,354	2,010,354
Interest	—	—	42	1,079	42,813	—	74,398	209,423	327,755
Trade	219,337	—	—	12,840	2,501	—	4,561	345,790	585,029
Notes	—	—	—	—	—	—	—	2,624,435	2,624,435
Due from Other Government Agencies	1,776,074	1,447,881	—	2,791,588	—	—	—	—	6,015,543
Other	—	—	—	—	—	4,491,849	2,995,449	975,422	8,462,720
Due from Component Unit	—	—	—	—	—	—	—	2,469,149	2,469,149
Prepaid Items	—	—	—	—	—	111,204	—	—	111,204
Inventory	—	—	—	—	—	138,455	—	—	138,455
Leases Receivable	—	—	—	—	—	—	—	8,525,037	8,525,037
Restricted Cash	59,665	187,952	96,614	39,576	203,744	281,800	—	—	869,351
Restricted Investments	—	—	20,756	—	20,986,698	—	—	23,875,187	44,882,641
Total Assets	2,055,076	1,635,833	117,412	2,845,083	21,235,756	11,259,924	41,790,017	79,429,191	160,368,292
Deferred Outflow of Resources - Other	—	—	—	—	—	—	—	25,019	25,019
Total Assets and Deferred Outflow of Resources	\$ 2,055,076	\$ 1,635,833	\$ 117,412	\$ 2,845,083	\$ 21,235,756	\$ 11,259,924	\$ 41,790,017	\$ 79,454,210	\$ 160,393,311
LIABILITIES									
Accounts Payable	\$ 318,711	\$ 364,049	\$ 24,679	\$ 529,490	\$ 91,479	\$ 2,301,401	\$ 19,046	\$ 7,069,409	\$ 10,718,264
Accrued Payroll	136,077	53,860	—	224,527	42,496	—	—	389,334	846,294
Due to Other Funds	1,355,471	931,682	—	1,665,507	—	—	3,000,000	25,019	6,977,679
Taxes Payable	31,751	12,464	—	66,402	12,249	—	685	112,854	236,405
Unearned Revenue	59,665	187,952	79,879	39,576	—	3,972,174	—	—	4,339,246
Construction Contracts and Retainage Payable	—	20,308	—	—	—	—	—	698	21,006
Due to Other Government Agencies	—	—	—	—	—	—	—	6,356	6,356
Total Liabilities	1,901,675	1,570,315	104,558	2,525,502	146,224	6,273,575	3,019,731	7,603,670	23,145,250
Deferred Inflows of Resources									
Leases	—	—	—	—	—	—	—	8,353,500	8,353,500
Other	258,490	110,205	—	—	—	—	—	—	368,695
Total Deferred Inflows of Resources	258,490	110,205	—	—	—	—	—	8,353,500	8,722,195
FUND BALANCES									
Nonspendable	—	—	—	—	—	249,659	—	—	249,659
Restricted	—	—	12,854	319,581	21,089,532	4,736,690	—	23,875,187	50,033,844
Committed	—	—	—	—	—	—	38,770,286	31,091,554	69,861,840
Assigned	—	—	—	—	—	—	—	8,530,299	8,530,299
Unassigned	(105,089)	(44,687)	—	—	—	—	—	—	(149,776)
Total Fund Balances	(105,089)	(44,687)	12,854	319,581	21,089,532	4,986,349	38,770,286	63,497,040	128,525,866
Total Liabilities and Fund Balances	\$ 2,055,076	\$ 1,635,833	\$ 117,412	\$ 2,845,083	\$ 21,235,756	\$ 11,259,924	\$ 41,790,017	\$ 79,454,210	\$ 160,393,311

CITY OF EL PASO, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended August 31, 2022

	Special Revenue Funds								Total
	Federal Grants	State Grants	Other Grants	Public Health	Public Health Waiver Program	Destination El Paso	Economic Development	Nongrants	
REVENUES									
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,882,684	\$ 8,882,684
Penalties and Interest-Delinquent taxes	—	—	—	—	—	—	—	1,242	1,242
Sales Taxes	—	—	—	—	—	—	31,454	—	31,454
Hotel Occupancy Taxes	—	—	—	—	—	—	241,923	12,774,576	13,016,499
Rental Vehicle Taxes	—	—	—	—	—	—	—	4,533,413	4,533,413
Franchise Fees	—	—	—	—	—	—	16,457,592	3,741,248	20,198,840
Charges for Services	—	—	261	104,487	—	6,416,884	82,229	22,762,677	29,366,538
Fines and Forfeitures	—	—	—	—	—	—	—	652,852	652,852
Licenses and Permits	—	—	—	—	—	—	—	1,268,140	1,268,140
Ticket Sales	—	—	—	—	—	—	—	284,439	284,439
Intergovernmental Revenues	5,664,100	7,610,012	340,206	11,491,890	3,045,293	—	—	369,689	28,521,190
Investment Earnings	—	—	(458)	—	(464,897)	—	(855,846)	(762,236)	(2,083,437)
Rents and Other	—	—	34,993	1,856	—	1,073,232	3,000	2,972,057	4,085,138
Total Revenues	5,664,100	7,610,012	375,002	11,598,233	2,580,396	7,490,116	15,960,352	57,480,781	108,758,992
EXPENDITURES									
Current									
General Government	—	2,550,000	—	—	—	—	—	11,229,584	13,779,584
Public Safety	5,535,484	2,608,319	99,187	—	619,890	—	—	8,670,375	17,533,255
Public Works	—	—	—	—	—	—	—	14,442,280	14,442,280
Public Health	—	—	287,352	11,382,581	2,327,624	—	—	8,056,562	22,054,119
Culture and Recreation	101,551	105,368	—	—	—	14,466,225	—	4,490,069	19,163,213
Economic Development	—	—	—	—	—	—	10,147,090	1,390,795	11,537,885
Community and Human Development	—	436,542	—	—	—	—	—	145,247	581,789
Debt Service:									
Principal	76,259	392,785	—	143,027	—	—	—	690,058	1,302,129
Interest	1,741	43,340	—	46,578	—	—	—	2,668,585	2,760,244
Fiscal Fees	—	—	—	—	—	—	—	26,400	26,400
Capital Outlay	323,157	3,697,031	—	3,226,189	—	—	(2,953)	1,239,755	8,483,179
Total Expenditures	6,038,192	9,833,385	386,539	14,798,375	2,947,514	14,466,225	10,144,137	53,049,710	111,664,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	(374,092)	(2,223,373)	(11,537)	(3,200,142)	(367,118)	(6,976,109)	5,816,215	4,431,071	(2,905,085)
OTHER FINANCING SOURCES (USES)									
Transfers In	—	—	—	—	—	7,471,565	5,136,481	17,487,546	30,095,592
Transfers Out	—	—	—	—	—	—	—	(9,880,248)	(9,880,248)
Leases (as lessee)	114,979	2,110,123	—	3,226,189	—	—	—	926,636	6,377,927
Sale of General Capital Assets	—	—	—	—	—	—	83,400	1,469,420	1,552,820
Total Other Financing Sources (Uses)	114,979	2,110,123	—	3,226,189	—	7,471,565	5,219,881	10,003,354	28,146,091
Net Change in Fund Balances	(259,113)	(113,250)	(11,537)	26,047	(367,118)	495,456	11,036,096	14,434,425	25,241,006
Fund Balances (Deficits) - Beginning	154,024	68,563	24,391	293,534	21,456,650	4,490,893	27,734,190	49,062,615	103,284,860
Fund Balances (Deficits) - Ending	\$ (105,089)	\$ (44,687)	\$ 12,854	\$ 319,581	\$ 21,089,532	\$ 4,986,349	\$ 38,770,286	\$ 63,497,040	\$ 128,525,866

DEBT SERVICE FUND



The Debt Service Fund is used to account for the accumulation of resources for and payment of general long-term debt principal, interest, arbitrage rebate and associated fiscal fees incurred. Revenue sources include ad-valorem property taxes.

CITY OF EL PASO, TEXAS
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Debt Service Funds
For the Year Ended August 31, 2022

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 107,532,192	\$ 107,532,192	\$ 107,756,280	\$ 224,088
Penalties and Interest-Delinquent Taxes	—	—	690,153	690,153
Charges for Services	686,563	686,563	828,899	142,336
Investment Earnings	—	—	97,417	97,417
Rents and Other	—	—	23,607	23,607
Total Revenues	<u>108,218,755</u>	<u>108,218,755</u>	<u>109,396,356</u>	<u>1,177,601</u>
EXPENDITURES				
Current:				
Debt Service:				
Principal	49,303,755	49,303,755	54,588,755	(5,285,000)
Interest	62,953,531	62,953,531	63,931,686	(978,155)
Fiscal Fees	31,705	31,705	26,773	4,932
Total Expenditures	<u>112,288,991</u>	<u>112,288,991</u>	<u>118,547,214</u>	<u>(6,258,223)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,070,236)</u>	<u>(4,070,236)</u>	<u>(9,150,858)</u>	<u>(5,080,622)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	524,687	524,687	1,454,239	(929,552)
Intrafund Transfers	3,545,549	3,545,549	—	3,545,549
Total Other Financing Sources (Uses)	<u>4,070,236</u>	<u>4,070,236</u>	<u>1,454,239</u>	<u>2,615,997</u>
Net Change in Fund Balance	—	—	(7,696,619)	(7,696,619)
Fund Balances - Beginning of Year	—	—	19,586,271	—
Fund Balances - End of Year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,889,652</u>	<u>\$ (7,696,619)</u>

INTERNAL SERVICE FUNDS



Internal Service Funds are used to account for the financing of goods or services provided by one City department to other City departments on a cost reimbursement basis.

Supply and Support – This fund accounts for the Fleet Maintenance Department which operates the City motor pool and maintains/repairs City owned vehicles. Facility Maintenance activities are also included in this fund.

Self-Insurance – This fund accounts for the financing of health benefits, workers' compensation benefits and unemployment benefits for City employees.

CITY OF EL PASO, TEXAS
Combining Statement of Net Position
Internal Service Funds
August 31, 2022

	Supply and Support	Self Insurance	Total
ASSETS:			
Current Assets:			
Cash	\$ 28,295	\$ 384,832	\$ 413,127
Investments	3,189,623	39,583,507	42,773,130
Receivables - Net of Allowances			
Interest	4,501	79,654	84,155
Trade	15,085	4,697	19,782
Inventory	925,508	—	925,508
Total Current Assets	4,163,012	40,052,690	44,215,702
Noncurrent Assets:			
Capital Assets:			
Buildings, Improvements and Equipment, Net	51,355	—	51,355
Total Noncurrent Assets	51,355	—	51,355
Total Assets	4,214,367	40,052,690	44,267,057
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Contributions Subsequent to Measurement Date	452,608	131,599	584,207
Difference in Expected and Actual Pension Experience	124,954	36,331	161,285
Change in Assumptions for Pensions	39,434	11,467	50,901
Change in Assumptions for OPEB	157,863	(16,110)	141,753
Difference in Expected and Actual OPEB Experience	227,211	26,430	253,641
Total Deferred Outflows of Resources	1,002,070	189,717	1,191,787
Total Assets and Deferred Outflows of Resources	\$ 5,216,437	\$ 40,242,407	\$ 45,458,844
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 1,394,963	\$ 112,125	\$ 1,507,088
Accrued Payroll	116,293	41,487	157,780
Taxes Payable	38,248	15,380	53,628
Compensated Absences	156,121	46,834	202,955
Total OPEB Liability	45,751	5,422	51,173
Total Current Liabilities	1,751,376	221,248	1,972,624
Noncurrent Liabilities:			
Compensated Absences	364,282	109,278	473,561
Total OPEB Liability	2,241,801	265,697	2,507,498
Net Pension Liability	1,190,688	346,200	1,536,888
Claims and Judgments	—	20,513,687	20,513,687
Total Noncurrent Liabilities	3,796,771	21,234,862	25,031,633
Total Liabilities	5,548,147	21,456,110	27,004,257
DEFERRED INFLOWS OF RESOURCES:			
Difference in Projected and Actual Earnings on Pension Investments	2,030,822	590,476	2,621,298
Difference in Expected and Actual Pension Experience	23,676	6,884	30,560
Difference in Expected and Actual OPEB Experience	198,129	(17,567)	180,562
Change in Assumptions for OPEB	1,118,816	129,547	1,248,363
Total Deferred Inflows of Resources	3,371,443	709,340	4,080,783
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	51,355	—	51,355
Unrestricted	(3,754,508)	18,076,957	14,322,449
Total Net Position (Deficit)	(3,703,153)	18,076,957	14,373,804
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 5,216,437	\$ 40,242,407	\$ 45,458,844

CITY OF EL PASO, TEXAS
Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
For the Year Ended August 31, 2022

	<u>Supply and Support</u>	<u>Self Insurance</u>	<u>Total</u>
OPERATING REVENUES:			
Sales to Departments	\$ 18,122,152	\$ —	\$ 18,122,152
Premium Contributions	—	69,950,010	69,950,010
General Revenues	2,171	1,018,486	1,020,657
Total Operating Revenues	<u>18,124,323</u>	<u>70,968,496</u>	<u>89,092,819</u>
OPERATING EXPENSES:			
Personnel Services	4,481,276	2,235,891	6,717,167
Outside Contracts	164,632	2,130,183	2,294,815
Professional Services	—	1,001,893	1,001,893
Fuel and Lubricants	7,851,974	—	7,851,974
Materials and Supplies	3,085,208	8,799	3,094,007
Communications	457	—	457
Utilities	20,365	—	20,365
Travel and Training	4,913	—	4,913
Benefits Provided	1,215	67,711,144	67,712,359
Maintenance and Repairs	2,625,184	—	2,625,184
Other Operating Expenses	29,702	11,677	41,379
Depreciation	40,342	—	40,342
Total Operating Expenses	<u>18,305,268</u>	<u>73,099,587</u>	<u>91,404,855</u>
Operating Loss	<u>(180,945)</u>	<u>(2,131,091)</u>	<u>(2,312,036)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Losses	<u>(75,717)</u>	<u>(880,814)</u>	<u>(956,531)</u>
Total Nonoperating Revenues (Expenses)	<u>(75,717)</u>	<u>(880,814)</u>	<u>(956,531)</u>
Loss Before Transfers	<u>(256,662)</u>	<u>(3,011,905)</u>	<u>(3,268,567)</u>
Transfers In	<u>—</u>	<u>133,359</u>	<u>133,359</u>
Change in Net Position	<u>(256,662)</u>	<u>(2,878,546)</u>	<u>(3,135,208)</u>
Net Position (Deficit) - Beginning of Year	<u>(3,446,491)</u>	<u>20,955,503</u>	<u>17,509,012</u>
Net Position (Deficit) - End of Year	<u>\$ (3,703,153)</u>	<u>\$ 18,076,957</u>	<u>\$ 14,373,804</u>

CITY OF EL PASO, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended August 31, 2022

	Supply and Support	Self Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 18,112,529	\$ 70,968,485	\$ 89,081,014
Payments to Suppliers	(14,231,168)	(67,778,954)	(82,010,122)
Payments to Employees	(4,960,918)	(2,285,132)	(7,246,050)
Net Cash Provided by (Used for) Operating Activities	<u>(1,079,557)</u>	<u>904,399</u>	<u>(175,158)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	—	133,359	133,359
Net Cash Provided by Noncapital Financing Activities	<u>—</u>	<u>133,359</u>	<u>133,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	(3,370,385)	(28,938,664)	(32,309,049)
Sale of Investments	4,019,964	24,262,510	28,282,474
Interest	13,879	199,794	213,673
Net Cash Provided by (Used for) Investing Activities	<u>663,458</u>	<u>(4,476,360)</u>	<u>(3,812,902)</u>
Net Decrease in Cash	(416,099)	(3,438,602)	(3,854,701)
Cash - Beginning of the Year	444,394	3,823,434	4,267,828
Cash - End of the Year	<u>\$ 28,295</u>	<u>\$ 384,832</u>	<u>\$ 413,127</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Loss	\$ (180,945)	\$ (2,131,091)	\$ (2,312,036)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Depreciation Expense	40,342	—	40,342
Compensated Absences	(12,159)	51,519	39,360
OPEB Liability and Related Outflows and Inflows	(110,264)	(12,767)	(123,031)
Net Pension Liability and Related Outflows and Inflows	(419,333)	(121,924)	(541,257)
Change in Assets and Liabilities:			
Receivables, Net	(11,851)	2,479	(9,372)
Inventories	(49,099)	—	(49,099)
Accounts and Other Payables	(336,248)	3,116,183	2,779,935
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,079,557)</u>	<u>\$ 904,399</u>	<u>\$ (175,158)</u>
Schedule of Non-Cash Capital and Related Financing Activities:			
Purchase of Capital Assets on Account	\$ 13,326	\$ —	\$ 13,326
Decrease in Fair Value of Investments	(86,814)	(1,075,755)	(1,162,569)

PENSION TRUST FUNDS



Pension Trust Funds are comprised of money intended to pay for pension benefits. This money is contributed by the employer and employee.

CITY OF EL PASO, TEXAS
Combining Statement of Fiduciary Net Position
Pension Trust Funds
August 31, 2022

	City Employees Retirement Trust	Firemen and Policemen's Pension Fund (As of December 31, 2021)		Total
		Firemen Division	Policemen Division	
ASSETS				
Cash and Cash Equivalents	\$ 16,371,921	\$ 17,558,416	\$ 25,614,558	\$ 59,544,895
Investments:				
Commingled Funds	203,693,139	—	—	203,693,139
Bank Collective Investment Funds	435,935,431	—	—	435,935,431
Private Equities	141,925,312	121,327,922	177,059,241	440,312,475
Real Estate Investment Funds	108,186,000	61,352,667	89,534,679	259,073,346
Fixed Income Securities	—	151,303,822	220,804,409	372,108,231
Domestic Equities	—	252,310,663	368,208,191	620,518,854
International Equities	—	211,975,997	309,346,016	521,322,013
Securities Lending Collateral	—	27,786,979	40,550,774	68,337,753
Receivables - Net of Allowances				
Commission Credits Receivable	7,883	—	—	7,883
Employer Contributions	1,249,208	624,706	743,798	2,617,712
Employee Contributions	795,561	606,856	709,252	2,111,669
Accrued Interest and Dividends	106,459	—	—	106,459
Other Receivables	—	85	86	171
Prepaid Items	23,210	—	—	23,210
Capital Assets:				
Land	521,174	—	—	521,174
Construction in Progress	50,500	—	—	50,500
Buildings, Improvements & Equipment, Net	1,702,735	896,440	896,440	3,495,615
TOTAL ASSETS	910,568,533	845,744,553	1,233,467,444	2,989,780,530
LIABILITIES				
Accounts Payable	—	50,011,513	85,847,494	135,859,007
Accrued Expenses	2,286,739	664,528	916,347	3,867,614
Unearned Revenue - Commission Credits	7,883	—	—	7,883
TOTAL LIABILITIES	2,294,622	50,676,041	86,763,841	139,734,504
NET POSITION:				
Restricted for Pensions	<u>\$ 908,273,911</u>	<u>\$ 795,068,512</u>	<u>\$ 1,146,703,603</u>	<u>\$ 2,850,046,026</u>

CITY OF EL PASO, TEXAS
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended August 31, 2022

	City Employees Retirement Trust	Firemen and Policemen's Pension Fund (As of December 31, 2021)		Total
		Firemen Division	Policemen Division	
ADDITIONS:				
Contributions:				
Employer	\$ 26,096,411	\$ 14,408,451	\$ 18,669,077	\$ 59,173,939
Employee	16,665,780	13,157,299	17,006,742	46,829,821
Total Contributions	<u>42,762,191</u>	<u>27,565,750</u>	<u>35,675,819</u>	<u>106,003,760</u>
Investment Income:				
Net Change in Fair Value	(89,489,954)	103,928,461	152,015,549	166,454,056
Interest	793,010	3,199,222	4,677,011	8,669,243
Dividends	3,597,637	6,510,297	9,521,673	19,629,607
Securities Lending Income	—	114,976	161,281	276,257
Less Investment Expenses	<u>(2,480,568)</u>	<u>(2,427,976)</u>	<u>(3,413,236)</u>	<u>(8,321,780)</u>
Net Investment Earnings	<u>(87,579,875)</u>	<u>111,324,980</u>	<u>162,962,278</u>	<u>186,707,383</u>
Total Additions	<u>(44,817,684)</u>	<u>138,890,730</u>	<u>198,638,097</u>	<u>292,711,143</u>
DEDUCTIONS:				
Benefit Payments	78,218,080	42,768,663	62,592,692	183,579,435
Refunds of Contributions	5,441,578	2,610,046	5,289,306	13,340,930
Administrative Expenses	1,932,893	891,464	867,786	3,692,143
Depreciation and Amortization Expense	—	83,311	83,311	166,622
Total Deductions	<u>85,592,551</u>	<u>46,353,484</u>	<u>68,833,095</u>	<u>200,779,130</u>
Net Change in Fiduciary Net Position	(130,410,235)	92,537,246	129,805,002	91,932,013
Net Position - Beginning of Year	<u>1,038,684,146</u>	<u>702,531,266</u>	<u>1,016,898,601</u>	<u>2,758,114,013</u>
Net Position - End of Year	<u>\$ 908,273,911</u>	<u>\$ 795,068,512</u>	<u>\$1,146,703,603</u>	<u>\$ 2,850,046,026</u>

CUSTODIAL FUNDS



Custodial Funds – Custodial funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations, and other governmental units. Custodial funds include the Camino Real Regional Mobility Authority (CRRMA) and the Metropolitan Planning Organization (MPO).

CITY OF EL PASO, TEXAS
Combining Statement of Fiduciary Net Position
Custodial Funds
August 31, 2022

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
ASSETS			
Cash	\$ 54,864,850	\$ —	\$ 54,864,850
Receivables:			
Due from Other Government Agencies	5,315,789	704,829	6,020,618
Lease ROU, Net of Accumulated Amortization	—	379,694	379,694
Capital Assets:			
Construction in Progress	141,184	—	141,184
TOTAL ASSETS	60,321,823	1,084,523	61,406,346
LIABILITIES			
Accounts Payable	2,353	2,152	4,505
Accrued Expenses	2,437,262	143,786	2,581,048
Taxes Payable	4,324	8,495	12,819
Lease Liability	—	382,014	382,014
Accrued Interest on Long-term Liabilities	1,508,207	—	1,508,207
Unearned Revenue	13,285,861	—	13,285,861
Due to Other Government Agencies	105,270	466,356	571,626
Bonds and Notes Payable	147,480,936	—	147,480,936
TOTAL LIABILITIES	164,824,213	1,002,803	165,827,016
DEFERRED INFLOW OF RESOURCES - OTHER	3,529,049	—	3,529,049
NET POSITION (DEFICIT)	\$ (108,031,439)	\$ 81,720	\$ (107,949,719)

CITY OF EL PASO, TEXAS
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended August 31, 2022

	Camino Real Regional Mobility Authority (CRRMA)	El Paso Metropolitan Planning Organization (MPO)	Total
ADDITIONS:			
Program Income	\$ 6,606,480	\$ —	\$ 6,606,480
Federal Grant Proceeds	—	1,736,529	1,736,529
State Grant Proceeds	3,276,303	186,044	3,462,347
Bike Share Revenues	60,450	—	60,450
Local Governments	10,915,121	16,415	10,931,536
Interest Revenue	288,374	—	288,374
Total Additions	<u>21,146,728</u>	<u>1,938,988</u>	<u>23,085,716</u>
DEDUCTIONS:			
Salaries and Benefits	371,426	1,018,879	1,390,305
Professional Services	708,420	52,724	761,144
Contract Services	12,204	535,173	547,377
Supplies and Other	31,843	8,924	40,767
Administrative Expenses	20,083	47,814	67,897
Interest Expense	4,971,674	2,456	4,974,130
Intergovernmental Transfer of Capital Assets	11,655,483	—	11,655,483
Grants - Subrecipients	—	300,483	300,483
Depreciation and Amortization Expense	10,331	34,518	44,849
Total Deductions	<u>17,781,464</u>	<u>2,000,971</u>	<u>19,782,435</u>
Net Increase (Decrease) in Fiduciary Net Position	3,365,264	(61,983)	3,303,281
Net Position (Deficit) - Beginning of Year	<u>(111,396,703)</u>	<u>143,703</u>	<u>(111,253,000)</u>
Net Position (Deficit) - End of Year	<u>\$ (108,031,439)</u>	<u>\$ 81,720</u>	<u>\$ (107,949,719)</u>

STATISTICAL SECTION
(unaudited)



The Statistical Section of the City’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information is in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 148

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, primarily property tax. 154

Debt Capacity

These schedules present information to help the reader assess the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 161

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 166

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 169

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports through fiscal year 2022.

CITY OF EL PASO, TEXAS

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 347,659,026	\$ 336,158,823	\$ 277,770,615	\$ 221,856,514	\$ 197,561,266	\$ 158,948,296	\$ 186,813,209	\$ 126,063,774	\$ 313,232,741	\$ 256,626,166
Restricted	153,089,966	150,448,935	393,243,785	119,317,145	125,662,159	181,218,370	127,478,301	93,862,608	82,008,353	132,098,108
Unrestricted	(516,244,279)	(664,332,917)	(1,019,971,717)	(743,840,972)	(713,195,827)	(660,546,184)	(609,526,733)	(509,631,709)	(347,047,270)	(351,017,445)
Total Governmental Activities Net Position (Deficit)	(15,495,287)	(177,725,159)	(348,957,317)	(402,667,313)	(389,972,402)	(320,379,517)	(295,235,223)	(289,705,327)	48,193,824	37,706,829
Business-Type Activities										
Net Investment in Capital Assets	457,903,988	448,511,221	471,534,592	451,377,465	409,465,951	360,989,685	346,918,484	345,990,881	297,504,141	300,679,446
Restricted	22,109,340	19,494,720	19,215,338	15,493,147	7,586,344	19,934,227	26,658,122	23,067,473	23,752,147	27,759,687
Unrestricted	120,977,392	61,204,387	(4,936,807)	(16,072,627)	(46,044,377)	(46,820,387)	(38,504,913)	(44,450,522)	47,006,875	21,102,379
Total Business-Type Activities Net Position	600,990,720	529,210,328	485,813,123	450,797,985	371,007,918	334,103,524	335,071,693	324,607,832	368,263,163	349,541,512
Primary Government										
Net Investment in Capital Assets	805,563,014	784,670,044	749,305,207	673,233,979	607,027,217	519,937,981	533,731,693	472,054,655	610,736,882	557,305,612
Restricted	175,199,306	169,943,655	412,459,123	134,810,292	133,248,503	201,152,597	154,136,423	116,930,081	105,760,500	159,857,795
Unrestricted	(395,266,887)	(603,128,530)	(1,024,908,524)	(759,913,599)	(759,240,204)	(707,366,571)	(648,031,646)	(554,082,231)	(300,040,395)	(329,915,066)
Total Primary Government Net Position	\$ 585,495,433	\$ 351,485,169	\$ 136,855,806	\$ 48,130,672	\$ (18,964,484)	\$ 13,724,007	\$ 39,836,470	\$ 34,902,505	\$ 416,456,987	\$ 387,248,341

CITY OF EL PASO, TEXAS
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
General Government	\$ 66,715,406	\$ 70,369,798	\$ 83,024,157	\$ 76,481,860	\$ 87,872,880	\$ 59,192,090	\$ 93,447,706	\$ 39,517,748	\$ 62,586,251	\$ 52,386,415
Public Safety	261,182,070	303,382,283	299,637,681	322,600,351	282,425,339	278,648,815	241,548,165	244,856,205	240,271,043	230,540,514
Public Works	90,220,966	78,982,444	77,967,798	98,063,309	86,876,259	76,780,581	67,038,656	76,506,248	66,741,177	60,476,968
Public Health	34,512,832	30,714,066	31,560,770	28,202,328	28,819,169	33,794,360	21,849,467	20,341,813	20,161,640	19,863,591
Culture and Recreation	77,731,919	66,077,729	66,382,955	76,360,009	73,704,832	77,116,618	69,445,600	59,510,545	49,354,142	59,247,806
Community and Economic Development	54,901,514	84,996,653	33,065,629	23,657,159	46,626,758	37,843,697	34,224,066	32,531,231	31,759,109	30,273,623
Interest on Long-term Debt	56,870,614	52,889,844	51,954,912	52,659,367	50,537,493	55,962,214	36,191,595	51,314,447	39,051,177	41,666,450
Total Governmental Activities Expenses	642,135,321	687,412,817	643,593,902	678,024,383	656,862,730	619,338,375	563,745,255	524,578,237	509,924,538	494,455,367
Business-Type Activities:										
El Paso International Airport	57,868,145	57,286,940	57,656,974	57,746,493	53,136,402	53,963,454	50,650,315	43,740,554	41,909,639	38,154,216
Industrial Park and Other	—	—	—	—	—	—	1,576,761	5,817,711	5,817,711	5,910,054
International Bridges	7,639,240	6,756,399	8,193,778	8,802,505	9,254,913	10,002,271	8,508,327	6,988,024	5,789,058	5,297,146
Environmental Services	37,658,000	43,414,609	46,086,734	46,066,221	48,576,855	45,701,064	51,150,988	45,596,671	51,592,641	47,272,262
Tax Office	2,262,277	2,113,309	2,001,413	2,112,412	2,178,819	2,015,098	1,931,979	—	—	—
Mass Transit	73,355,170	73,942,270	86,637,090	90,664,188	83,693,650	80,848,329	80,975,092	81,173,227	72,710,783	66,577,511
Total Business-Type Activities Expenses	178,782,832	183,513,527	200,575,989	205,391,819	196,840,639	192,530,215	194,793,462	183,316,187	177,819,832	163,211,189
Total Primary Government Expenses	\$ 820,918,153	\$ 870,926,344	\$ 844,169,891	\$ 883,416,202	\$ 853,703,369	\$ 811,868,590	\$ 758,538,717	\$ 707,894,424	\$ 687,744,370	\$ 657,666,556
Program Revenues										
Governmental Activities:										
General Government	\$ 37,589,851	\$ 39,745,995	\$ 37,981,838	\$ 49,572,136	\$ 44,792,119	\$ 36,978,957	\$ 20,771,995	\$ 11,023,551	\$ 7,655,501	\$ 5,195,513
Public Safety	23,402,339	21,437,628	18,654,033	21,557,152	22,590,477	20,496,087	31,069,511	32,250,982	35,921,557	31,812,571
Public Works	3,944,832	4,367,550	11,139,452	7,690,356	9,118,180	8,223,634	26,872,475	31,475,932	27,158,182	4,531,381
Public Health	9,258,924	8,706,321	9,477,748	8,846,478	9,047,438	18,352,936	6,617,347	10,847,368	7,600,458	4,540,292
Culture and Recreation	15,537,484	12,094,246	8,742,998	15,980,911	15,505,948	18,063,239	14,134,268	14,536,875	11,752,252	11,980,793
Community and Economic Development	14,664,876	16,312,534	15,164,091	16,885,295	17,159,703	18,918,679	24,670,968	31,385,413	13,214,619	12,529,231
Operating Grants and Contributions	88,545,829	150,571,837	56,164,682	37,320,031	46,814,154	38,597,485	33,822,176	24,911,878	38,742,739	35,534,615
Capital Grants and Contributions	9,433,180	33,459,616	5,025,818	4,266,151	4,913,457	2,950,231	7,168,957	2,186,539	9,154,786	3,494,059
Total Governmental Activities Program Revenues	202,377,315	286,695,727	162,350,660	162,118,510	169,941,476	162,581,247	165,127,697	158,618,538	151,200,094	109,618,455
Business-Type Activities:										
Charges for Services:										
El Paso International Airport	52,710,247	43,374,670	43,796,776	52,844,705	49,502,621	46,671,121	35,998,919	28,228,439	24,768,076	27,746,314
Industrial Park and Other	—	—	—	—	—	—	5,102,322	8,804,354	8,804,354	8,538,610
International Bridges	27,836,875	25,199,633	21,855,861	22,954,862	23,849,831	21,731,391	22,338,527	21,584,262	19,943,142	17,586,579
Environmental Services	69,063,037	68,296,782	71,660,591	59,495,038	47,838,414	48,094,965	52,182,776	48,964,695	41,031,352	53,281,620
Mass Transit	6,718,602	5,348,609	7,804,722	7,765,237	9,754,726	9,253,342	12,313,314	12,795,418	11,671,466	13,221,294
Tax Office	2,372,158	2,229,964	2,092,030	1,702,537	1,879,016	1,843,339	—	—	—	—
Operating Grants and Contributions	23,595,235	35,248,952	33,844,334	10,365,071	11,015,533	11,606,771	16,430,744	179,089	11,630,000	11,299,304
Capital Grants and Contributions	40,721,264	15,166,100	26,811,433	97,095,322	65,509,253	17,942,703	16,137,628	25,183,118	50,084,474	13,098,327
Total Business-Type Activities Program Revenues	223,017,418	194,864,710	207,865,747	252,222,772	209,349,394	157,143,631	160,504,230	145,739,375	167,932,864	144,772,048
Total Primary Government Program Revenues	\$ 425,394,733	\$ 481,560,437	\$ 370,216,407	\$ 414,341,282	\$ 379,290,870	\$ 319,724,878	\$ 325,631,927	\$ 304,357,913	\$ 319,132,958	\$ 254,390,503

CITY OF EL PASO, TEXAS
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net (Expense) Revenue										
Governmental Activities	\$ (439,758,006)	\$ (400,717,090)	\$ (481,243,242)	\$ (515,905,873)	\$ (486,921,254)	\$ (456,757,128)	\$ (398,617,558)	\$ (365,959,699)	\$ (358,724,444)	\$ (384,836,912)
Business-Type Activities	44,234,586	11,351,183	7,289,758	46,830,953	12,508,755	(35,386,585)	(34,289,232)	(37,576,812)	(9,886,968)	(18,439,141)
Total Primary Government Net Expense	<u>\$ (395,523,420)</u>	<u>\$ (389,365,907)</u>	<u>\$ (473,953,484)</u>	<u>\$ (469,074,920)</u>	<u>\$ (474,412,499)</u>	<u>\$ (492,143,713)</u>	<u>\$ (432,906,790)</u>	<u>\$ (403,536,511)</u>	<u>\$ (368,611,412)</u>	<u>\$ (403,276,053)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Ad Valorem Taxes	\$ 355,708,990	\$ 343,435,074	\$ 333,335,059	\$ 301,548,114	\$ 271,100,422	\$ 254,897,464	\$ 237,442,459	\$ 225,042,726	\$ 218,557,549	\$ 209,615,842
Sales Taxes	130,515,883	114,178,931	99,591,904	96,649,171	92,109,776	87,704,730	100,080,666	97,088,308	92,434,728	87,643,312
Hotel Occupancy Tax	17,929,931	13,132,233	11,664,791	15,353,411	15,270,465	13,415,214	—	—	—	—
Franchise Taxes	81,030,858	70,760,604	60,824,072	58,804,220	58,426,721	58,295,404	55,986,614	54,402,456	46,322,667	46,453,413
Gain on Disposal of Capital Assets	2,701	6,900	13,640	8,079	—	28,103	91,638	1,753,589	1,027,322	221,931
BAB Tax Credit	—	—	754,593	1,684,503	1,996,608	2,058,173	—	—	—	—
Transfers	34,355,126	29,761,814	22,389,224	20,401,711	15,177,810	12,345,926	(1,164,070)	5,831,028	10,924,171	18,946,862
Investment Earnings (Loss)	(17,555,611)	673,692	6,556,806	8,761,753	4,503,973	2,867,819	650,355	1,495,386	(54,998)	(509,496)
Total Governmental Activities	<u>601,987,878</u>	<u>571,949,248</u>	<u>535,130,089</u>	<u>503,210,962</u>	<u>458,585,775</u>	<u>431,612,833</u>	<u>393,087,662</u>	<u>385,613,493</u>	<u>369,211,439</u>	<u>362,371,864</u>
Business-Type Activities:										
Taxes										
Ad Valorem Taxes	—	55,001,787	521,982	3,996,798	7,327,325	3,894,131	2,099,835	—	—	—
Sales Taxes	62,500,961	—	47,833,635	46,459,737	44,096,838	42,098,342	41,236,405	40,533,736	38,836,869	37,476,151
Investment Earnings (Loss)	(913,975)	160,407	1,654,910	2,729,197	810,298	511,087	276,231	96,962	314,154	(203,818)
Gain on Disposal of Capital Assets	313,946	6,645,642	42,908	42,908	50,046	31,858	(23,448)	3,256	151,070	162,858
BAB Federal Tax Credit	—	—	61,169	175,093	226,884	228,925	—	240,551	230,697	—
Transfers	(34,355,126)	(29,761,814)	(22,389,224)	(20,401,711)	(15,177,810)	(12,345,926)	1,164,070	(5,831,028)	(10,924,171)	(18,946,862)
Total Business-Type Activities	<u>27,545,806</u>	<u>32,046,022</u>	<u>27,725,380</u>	<u>33,002,022</u>	<u>37,333,581</u>	<u>34,418,417</u>	<u>44,753,093</u>	<u>35,043,477</u>	<u>28,608,619</u>	<u>18,488,329</u>
Total Primary Government	<u>\$ 629,533,684</u>	<u>\$ 603,995,270</u>	<u>\$ 562,855,469</u>	<u>\$ 536,212,984</u>	<u>\$ 495,919,356</u>	<u>\$ 466,031,250</u>	<u>\$ 437,840,755</u>	<u>\$ 420,656,970</u>	<u>\$ 397,820,058</u>	<u>\$ 380,860,193</u>
Change in Net Position (Deficit)										
Governmental Activities	\$ 162,229,872	\$ 171,232,158	\$ 53,886,847	\$ (12,694,911)	\$ (28,335,479)	\$ (25,144,295)	\$ (5,529,896)	\$ 19,653,794	\$ 10,486,995	\$ (22,465,048)
Business-Type Activities	71,780,392	43,397,205	35,015,138	79,832,975	49,842,336	(968,168)	10,463,861	(2,533,335)	18,721,651	49,188
Total Change in Net Position (Deficit)-Primary Government	<u>\$ 234,010,264</u>	<u>\$ 214,629,363</u>	<u>\$ 88,901,985</u>	<u>\$ 67,138,064</u>	<u>\$ 21,506,857</u>	<u>\$ (26,112,463)</u>	<u>\$ 4,933,965</u>	<u>\$ 17,120,459</u>	<u>\$ 29,208,646</u>	<u>\$ (22,415,860)</u>

CITY OF EL PASO, TEXAS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ 5,296,137	\$ 4,202,298	\$ 4,403,372	\$ 3,155,070	\$ 6,946,182	\$ 3,798,045	\$ 3,887,550	\$ 4,027,347	\$ 6,820,046	\$ 3,533,759
Restricted	22,099,714	22,897,246	21,429,890	19,098,290	19,098,290	18,370,749	18,008,119	17,506,277	17,417,752	16,000,000
Committed	72,376,924	16,818,794	14,004,647	—	—	—	—	—	—	1,000,000
Assigned	—	—	—	—	—	—	—	—	—	800,000
Unassigned	50,780,166	60,183,708	32,396,508	29,356,910	20,334,896	22,651,640	22,688,252	21,410,712	9,151,599	15,921,724
Total General Fund	\$ 150,552,941	\$ 104,102,046	\$ 72,234,417	\$ 51,610,270	\$ 46,379,368	\$ 44,820,434	\$ 44,583,922	\$ 42,944,336	\$ 33,389,397	\$ 37,255,483
Other Governmental Funds										
Nonspendable	\$ 249,659	\$ 207,979	\$ 156,057	\$ 2,909,540	\$ 219,924	\$ 170,824	\$ 90,954	\$ 40,574	\$ 106,226	\$ 72,445
Restricted	471,217,165	387,152,614	332,424,295	272,969,084	225,508,221	324,126,634	364,762,511	98,880,854	26,729,601	70,264,588
Committed	69,861,840	50,817,423	33,081,740	28,946,260	20,304,680	14,486,568	13,232,672	10,480,770	6,613,756	5,688,662
Assigned	30,347,489	19,393,008	2,466,056	—	—	—	—	—	139,529	—
Unassigned	(4,920,866)	(1,283,173)	(928,341)	—	—	(1,943,669)	—	(447,167)	(953,786)	(12,417,997)
Total Other Governmental Funds	\$ 566,755,287	\$ 456,287,851	\$ 367,199,807	\$ 304,824,884	\$ 246,032,825	\$ 336,840,357	\$ 378,086,137	\$ 108,955,031	\$ 32,635,326	\$ 63,607,698

Note: The deficit in Unassigned fund balance reported in Other Governmental Funds is a result of pending grant reimbursement requests not yet submitted to the granting agencies.

CITY OF EL PASO, TEXAS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Property Taxes	\$ 355,185,331	\$ 343,562,871	\$ 330,643,159	\$ 298,776,727	\$ 269,678,074	\$ 253,954,797	\$ 238,672,585	\$ 226,873,791	\$ 218,889,826	\$ 209,276,561
Sales Taxes	130,515,883	114,178,931	99,591,904	96,649,171	92,109,776	87,704,730	100,080,666	97,088,308	92,434,728	87,643,312
Hotel Occupancy Tax	17,929,931	13,132,233	11,664,791	15,353,411	15,270,465	13,415,214	—	—	—	—
Rental Vehicle Tax	4,533,413	3,200,483	3,057,666	3,888,667	3,493,005	—	—	—	—	—
Franchise Fees	81,030,858	70,760,604	60,824,072	58,804,220	58,426,721	58,295,404	55,986,614	54,402,456	46,877,907	46,560,200
Charges for Services	63,487,883	56,221,205	52,112,347	78,427,981	83,496,763	79,822,423	83,049,680	75,194,030	70,677,344	44,209,204
Fines and Forfeitures	8,193,341	7,745,830	7,293,272	10,795,911	9,774,838	9,413,787	12,412,161	12,749,773	12,922,883	14,502,151
Licenses and Permits	15,021,194	15,232,351	14,676,592	16,038,722	15,482,770	15,957,687	14,022,575	13,031,581	12,284,615	11,885,386
Intergovernmental Revenues	101,832,964	181,938,058	69,782,789	39,786,388	47,683,949	38,519,710	40,521,964	40,915,113	45,885,381	36,160,807
County Participation	—	—	—	—	—	469,169	469,169	630,388	2,012,144	448,013
Investment Earnings	(16,599,080)	631,222	6,096,635	8,761,753	4,503,973	2,867,819	650,355	76,262	(54,998)	(509,496)
Rents and Other	18,538,497	21,071,364	23,967,562	11,216,147	9,733,582	9,188,925	4,387,685	5,123,475	2,910,185	12,828,158
Ticket Sales	284,439	168,679	17,863	279,534	224,042	258,657	250,197	262,528	246,048	—
Total Revenues	779,954,654	827,843,831	679,728,652	638,778,632	609,877,958	569,868,323	550,503,651	526,347,705	505,086,063	463,004,296
EXPENDITURES										
General Government	76,625,773	65,681,332	62,840,762	59,578,383	57,431,321	49,461,319	50,660,341	40,744,541	47,823,162	43,820,603
Public Safety	310,857,394	328,153,721	275,795,385	264,332,611	247,173,723	238,199,701	222,217,391	224,923,432	221,397,370	217,174,437
Public Works	61,916,359	57,731,931	57,244,705	71,442,974	66,134,502	52,448,429	42,915,474	29,683,273	23,918,973	16,858,097
Public Health	32,745,964	29,451,915	30,404,843	27,548,611	27,527,389	26,825,197	18,969,169	18,834,233	18,450,668	18,585,301
Facilities Maintenance	—	—	—	—	—	—	—	16,917,017	25,098,917	24,503,102
Culture and Recreation	64,775,100	54,795,322	58,043,484	67,909,423	62,670,710	60,480,652	58,248,690	46,987,728	40,573,246	43,071,487
Economic Development	20,338,351	39,883,596	18,923,656	17,035,889	17,908,249	21,112,765	19,308,546	17,433,872	19,508,037	16,057,472
Environmental Code Compliance	—	—	—	—	—	—	454,255	429,833	607,901	2,209,715
Community and Human Development	35,287,271	41,098,063	14,140,914	8,221,108	10,272,765	10,181,310	12,381,817	12,734,484	10,586,068	11,584,213
Capital Outlay	124,514,325	138,041,554	157,044,476	131,140,474	108,567,827	68,702,638	43,418,678	39,127,619	188,817,335	125,158,664
Debt Service:										
Principal	56,448,355	60,195,279	54,186,238	54,688,450	57,199,348	44,817,444	45,906,018	42,179,730	39,738,116	36,473,194
Interest	66,797,048	73,926,623	61,518,835	58,147,917	58,896,511	62,953,393	59,073,451	56,338,365	51,444,638	44,572,414
Fiscal Fees	1,470,244	2,148,213	2,033,273	1,781,315	47,152	76,325	3,606,688	1,497,328	3,090,511	2,318,229
Total Expenditures	851,776,184	891,107,549	792,176,571	761,827,155	713,829,497	635,259,174	577,160,518	547,831,455	691,054,942	602,386,928
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (71,821,530)	\$ (63,263,718)	\$ (112,447,919)	\$ (123,048,523)	\$ (103,951,539)	\$ (65,390,852)	\$ (26,656,867)	\$ (21,483,750)	\$ (185,968,879)	\$ (139,382,632)

CITY OF EL PASO, TEXAS
Changes in Fund Balances of Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
OTHER FINANCING SOURCES (Uses):										
Transfers In	\$ 84,942,581	\$ 73,842,926	\$ 67,385,867	\$ 66,398,319	\$ 53,374,017	\$ 34,009,467	\$ 42,002,719	\$ 26,630,983	\$ 79,316,259	\$ 36,792,607
Transfers Out	(50,915,267)	(44,843,313)	(46,469,856)	(46,569,068)	(38,700,207)	(22,128,627)	(47,159,166)	(20,799,995)	(68,392,088)	(17,845,745)
Federal Tax Credit - Build America Bonds	—	—	—	—	—	—	—	—	—	2,419,854
Face Amount of Bonds Issued	157,520,000	119,165,000	144,995,000	151,580,000	—	—	254,575,000	87,810,000	117,970,000	106,975,000
Face Amount of Refunding Bonds Issued	—	108,590,000	72,640,000	35,820,000	—	—	138,925,000	82,790,000	231,127,041	20,710,000
Premium on Issuance of Bonds	23,907,482	22,322,593	42,124,325	16,964,114	—	—	61,219,655	19,707,406	26,920,358	10,182,058
Payment to Refunding to Bond Escrow Agent	—	(96,928,534)	(86,180,000)	(40,585,000)	—	—	(152,930,000)	(88,780,000)	(244,430,565)	(22,914,230)
Proceeds from Sale of Capital Assets	1,902,762	2,070,719	1,128,504	2,030,071	29,131	46,183	137,900	—	152,999	171,423
Capital Contributions	—	—	—	1,433,048	—	512,096	—	—	8,466,417	—
Leases (as lessee)	11,382,303	—	—	—	—	—	—	—	—	—
Loan Proceeds	—	—	—	—	—	3,500,000	656,449	—	—	25,083,362
Other Sources (Uses)	—	—	—	—	—	8,442,467	—	—	—	—
Total Other Financing Sources (Uses)	228,739,861	184,219,391	195,623,840	187,071,484	14,702,941	24,381,586	297,427,557	107,358,394	151,130,421	161,574,329
Net Change in Fund Balance	\$ 156,918,331	\$ 120,955,673	\$ 83,175,921	\$ 64,022,961	\$ (89,248,598)	\$ (41,009,265)	\$ 270,770,690	\$ 85,874,644	\$ (34,838,458)	\$ 22,191,697
Debt Service as a Percentage of Noncapital Expenditures	16.95%	17.81%	18.22%	17.89%	19.18%	19.02%	19.67%	19.37%	18.16%	16.98%

CITY OF EL PASO, TEXAS
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended August 31,	Residential Property	Commercial Property	Industrial Property	Other Property	Actual Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2022	\$ 30,786,928,985	\$ 11,434,447,672	\$ 2,505,285,963	\$ 1,859,208,104	\$ 46,585,870,724	\$ 6,696,194,012	\$ 39,889,676,712	1.646451
2021	27,113,076,380	12,136,693,625	2,649,054,238	1,774,178,592	43,673,002,835	5,408,546,599	38,264,456,236	1.770387
2020	26,376,085,496	11,352,944,244	2,597,845,258	1,760,543,155	42,087,418,153	5,240,701,602	36,846,716,551	1.805212
2019	25,588,960,594	10,625,028,653	2,550,844,630	1,783,569,542	40,548,403,419	4,840,628,474	35,707,774,945	1.683367
2018	24,332,615,305	10,777,755,564	2,105,281,875	1,848,642,264	39,064,295,008	4,764,239,650	34,300,055,358	1.649708
2017	23,972,664,865	10,406,526,832	2,217,943,601	1,813,864,033	38,410,999,331	4,636,833,496	33,774,165,835	1.581715
2016	23,533,540,600	10,211,030,657	2,200,132,726	1,743,005,474	37,687,709,457	4,565,372,605	33,122,336,852	1.536912
2015	23,208,036,438	10,018,692,898	1,812,792,274	1,739,684,839	36,779,206,449	4,032,061,588	32,747,144,861	1.501282
2014	22,827,142,064	9,983,169,723	1,798,421,862	1,793,267,148	36,402,000,797	3,925,181,650	32,476,819,147	1.450255
2013	22,215,840,372	9,745,925,783	2,260,257,331	1,787,021,780	36,009,045,266	3,963,080,514	32,045,964,752	1.373723

Source: El Paso Central Appraisal District

CITY OF EL PASO, TEXAS
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of Assessed Value)

Fiscal Year	City Direct Rates						Overlapping Rates				Total Direct and Overlapping
	City of El Paso						Canutillo Independent School District	El Paso Independent School District	Socorro Independent School District	Ysleta Independent School District	
	Maintenance & Operations Rate	Debt Service Rate	County of El Paso	University Medical Center	El Paso Community College	Total Direct					
2022	0.621636	0.285665	0.470181	0.258145	0.134760	1.770387	1.342400	1.354200	1.275454	1.527000	7.269441
2021	0.623847	0.283454	0.488997	0.267747	0.139859	1.803904	1.390100	1.318350	1.343354	1.446600	7.302308
2020	0.610139	0.297162	0.447819	0.267747	0.141167	1.764034	1.428350	1.268350	1.368954	1.353300	7.182988
2019	0.557239	0.286093	0.452694	0.251943	0.140273	1.688242	1.530000	1.310000	1.380594	1.455000	7.363836
2018	0.522982	0.280451	0.452694	0.251943	0.141638	1.649708	1.530000	1.310000	1.274794	1.460000	7.224502
2017	0.485641	0.274015	0.452694	0.234456	0.134909	1.581715	1.530000	1.235000	1.274794	1.475000	7.096509
2016	0.478130	0.251595	0.452694	0.220682	0.133811	1.536912	1.530000	1.235000	1.274794	1.360000	6.936706
2015	0.460937	0.238847	0.433125	0.220682	0.128122	1.481713	1.530000	1.235000	1.274794	1.360000	6.881507
2014	0.445699	0.232679	0.408870	0.214393	0.124359	1.426000	1.490000	1.235000	1.274794	1.360000	6.785794
2013	0.442148	0.216256	0.361196	0.192363	0.114086	1.326049	1.422100	1.235000	1.274794	1.330000	6.587943

Source: City of El Paso Consolidated Tax Office

CITY OF EL PASO, TEXAS
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Rank	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value **	Rank	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value **
Western Refining Company LP	1	\$ 482,614,797	1.21%	1	\$ 470,434,471	1.48%
El Paso Electric Co	2	323,459,063	0.81%	3	224,890,059	0.71%
Walmart Stores Texas LLC	3	246,804,625	0.62%	9	77,495,030	0.24%
Texas Gas Service	4	182,468,230	0.46%	10	68,039,520	0.21%
River Oaks Properties LTD	5	179,810,553	0.45%	5	153,598,733	0.48%
Union Pacific Railroad Co	6	107,903,018	0.27%			
Simon Property Group	7	107,312,085	0.27%	4	195,370,658	0.61%
Sierra Providence Physical Rehabilitation Hospital	8	103,000,000	0.26%	2	231,585,285	0.73%
Enterprise Rent A Car	9	90,292,531	0.23%			
Hawkins & I-10 Acquisition Co LP	10	82,029,512	0.21%			
El Paso Outlet Center LLC				6	89,577,027	0.28%
Southwestern Bell Telephone				8	78,680,738	0.25%
Las Palmas Dunhill LLC				7	81,411,369	0.26%
TOTAL:		<u>\$ 1,905,694,414</u>	<u>4.79%</u>		<u>\$ 1,671,082,890</u>	<u>5.25%</u>
Total Assessed Taxable Value:		\$ 39,889,676,712			\$ 31,822,616,764	

** Real and Personal Property
Source: El Paso Central Appraisal District

CITY OF EL PASO, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended August 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections/Adj in Subsequent Years*	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$ 357,525,330	\$ 352,481,602	98.59%	\$ —	\$ 352,481,602	98.59%
2021	338,770,282	337,622,658	98.54%	(1,429,371)	336,193,287	99.24%
2020	329,671,189	326,349,242	98.99%	1,299,905	327,649,147	99.39%
2019	296,596,993	294,068,171	99.15%	1,104,922	295,173,093	99.52%
2018	270,057,007	267,637,693	99.10%	1,305,760	268,943,453	99.59%
2017	251,319,468	250,162,385	99.54%	278,703	250,441,088	99.65%
2016	237,629,167	236,073,290	99.35%	794,480	236,867,770	99.68%
2015	226,255,569	224,134,549	99.06%	1,452,026	225,586,574	99.70%
2014	216,226,149	214,404,425	99.16%	1,172,930	215,577,355	99.70%
2013	207,812,070	205,727,408	99.00%	1,468,010	207,195,419	99.70%

Source: City of El Paso Consolidated Tax Office

Note: Presented as cash basis.

*Schedule is updated to reflect collections and adjustments from subsequent years.

CITY OF EL PASO, TEXAS
Personal Income by Industry
Last Eight Calendar Years

Line Title	2021	2020	2019	2018	2017	2016	2015	2014
Personal Income (In Thousands) (1)	\$38,245,050	\$35,312,908	\$31,651,549	\$30,145,813	\$28,781,887	\$27,923,881	\$27,356,994	\$26,495,468
Population (Persons) (2)	867,947	846,192	839,238	840,758	840,545	838,014	833,961	834,992
Per Capita Personal Income	\$44,064	\$41,732	\$37,715	\$35,856	\$34,242	\$33,321	\$32,804	\$31,731
Derivation of Personal Income								
Earnings by Place of Work	24,263,908	23,114,555	21,874,412	20,910,071	20,074,340	19,285,331	18,847,881	18,134,135
Less: Contributions for Government Social Insurance (3)	2,531,584	2,417,028	2,279,109	2,187,190	2,122,976	2,035,685	1,974,331	1,889,150
Employee and Self-Employed Contributions for Government Social Insurance	1,327,100	1,260,704	1,176,505	1,125,478	1,067,389	1,016,155	966,993	921,271
Employer Contributions for Government Social Insurance	1,204,484	1,156,324	1,102,604	1,061,712	1,055,587	1,019,530	1,007,338	967,879
Plus: Adjustment for Residence (4)	(223,729)	(193,022)	(156,053)	(265,822)	(312,764)	(258,387)	(182,396)	(113,746)
Equals: Net Earnings by Place of Residence	21,508,595	20,504,505	19,439,250	18,457,059	17,638,600	16,991,259	16,691,154	16,131,239
Plus: Dividends, Interest, and Rent (5)	5,219,777	5,025,962	4,937,034	4,779,721	4,515,446	4,411,753	4,381,826	4,377,636
Plus: Personal Current Transfer Receipts	11,516,678	9,782,441	7,275,265	6,909,033	6,627,841	6,520,869	6,284,014	5,986,593
Earnings by Place of Work								
Components of Earnings								
Wages and Salaries	16,747,425	15,717,000	15,216,187	14,505,589	13,949,307	13,463,254	13,141,090	12,633,514
Supplements to Wages and Salaries	4,618,436	4,494,191	4,387,463	4,164,240	4,007,798	3,873,859	3,867,257	3,658,717
Employer Contributions for Employee Pension and Insurance Funds (6)	3,413,952	3,337,867	3,284,859	3,102,528	2,952,211	2,854,329	2,859,919	2,690,838
Employer Contributions for Government Social Insurance	1,204,484	1,156,324	1,102,604	1,061,712	1,055,587	1,019,530	1,007,338	967,879
Proprietors' Income (7)	2,898,047	2,903,364	2,270,762	2,240,242	2,117,235	1,948,218	1,839,534	1,841,904
Farm Proprietors' Income	(6,854)	8,116	(5,358)	(2,173)	(2,458)	(5,784)	(3,433)	(5,762)
Nonfarm Proprietors' Income	2,904,901	2,895,248	2,276,120	2,242,415	2,119,693	1,954,002	1,842,967	1,847,666
Earnings by Industry								
Farm Earnings	3,422	18,085	5,662	10,526	8,175	4,880	8,828	5,444
Nonfarm Earnings	24,260,486	23,096,470	21,868,750	20,899,545	20,066,165	19,280,451	18,839,053	18,128,691
Private Nonfarm Earnings	16,183,879	15,180,755	14,159,682	13,389,140	12,779,972	12,176,110	11,773,938	11,298,832
Forestry, Fishing, and Related Activities	16,568	253	10,864	10,953	11,000	10,917	14,978	22,087
Mining	8,946	10,661	8,128	10,051	7,930	3,037	6,149	9,659
Utilities	223,025	236,544	197,637	184,315	180,669	171,672	162,326	137,325
Construction	1,693,774	462,204	1,416,123	1,174,375	1,117,234	932,728	773,434	695,974
Manufacturing	1,261,691	1,180,221	1,143,721	1,089,018	1,091,300	1,054,275	1,140,950	1,116,731
Durable Goods Manufacturing	663,055	633,523	605,290	590,818	628,027	616,258	641,133	650,719
Nondurable Goods Manufacturing	598,636	546,698	538,431	498,200	463,273	438,017	499,817	466,012
Wholesale Trade	1,066,566	—	908,770	842,052	819,387	766,957	765,543	732,591
Retail Trade	1,776,164	1,556,158	1,588,444	1,561,596	1,506,261	1,468,377	1,457,283	1,440,506
Transportation and Warehousing	1,627,248	203,825	1,325,904	1,257,083	1,147,084	1,099,376	1,017,131	996,108
Information	348,456	166,850	286,270	280,270	319,417	309,386	351,886	336,071
Finance and Insurance	704,766	112,016	676,266	652,024	614,254	532,805	456,642	441,048
Real Estate and Rental and Leasing	596,886	187,350	395,170	449,774	436,496	501,851	470,318	462,809
Professional, Scientific, and Technical Services	873,869	785,994	733,105	672,590	672,322	679,108	665,843	629,012
Management of Companies and Enterprises	118,670	123,824	106,636	103,833	97,806	87,471	72,919	70,977
Administrative and Waste Management Services	1,360,111	38,067	1,178,992	1,138,464	972,136	896,026	907,007	881,928
Educational Services	215,824	191,141	172,466	148,208	147,507	154,292	166,917	157,744
Health Care and Social Assistance	2,470,998	2,133,541	2,287,982	2,173,001	2,098,225	2,002,335	1,899,729	1,773,284
Arts, Entertainment, and Recreation	70,752	60,709	98,588	86,351	74,575	61,355	51,660	46,515
Accommodation and Food Services	923,714	672,493	818,154	774,776	732,084	710,332	674,833	643,750
Other Services, Except Public Administration	828,354	451,974	808,478	780,406	734,285	733,810	718,390	704,713
Government and Government Enterprises	8,076,607	7,915,715	7,709,068	7,510,405	7,286,193	7,104,341	7,065,115	6,829,859
Federal, Civilian	1,583,230	1,585,794	1,481,010	1,453,388	1,390,970	1,348,277	1,306,843	1,261,390
Military	2,740,542	2,652,304	2,601,832	2,527,641	2,456,555	2,410,354	2,526,796	2,455,120
State and Local	3,752,835	3,677,617	3,626,226	3,529,376	3,438,668	3,345,710	3,231,476	3,113,349
State Government	705,385	713,702	719,277	704,708	683,513	656,555	614,233	576,025
Local Government	3,047,450	2,963,915	2,906,949	2,824,668	2,755,155	2,689,155	2,617,243	2,537,324

CITY OF EL PASO, TEXAS
Personal Income by Industry (continued)
Last Eight Calendar Years

Notes:

- (1) The estimates of earnings for 2001-2006 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2011 forward are based on the 2012 NAICS. The estimates for 2017 forward are based on the 2017 NAICS.
- (2) Census Bureau midyear population estimate. BEA produced intercensal annual county population statistics for 2010 to 2019 that are tied to the Census Bureau decennial counts for 2010 and 2020. BEA developed intercensal population statistics because this data was not published when Census released county population data for 2020 and 2021, which are based on the 2020 decennial counts. BEA used the Census Bureau Das Gupta method (see <https://www2.census.gov/programs-surveys/popest/technical-documentation/methodology/intercensal/2000-2010-intercensal-estimates-methodology.pdf>), modified to account for an extra leap year day, to produce the intercensal population figures that will be used until Census releases its official intercensal population data.
- (3) Employer contributions for government social insurance are included in earnings by industry and earnings by place of work, but they are excluded from net earnings by place of residence and personal income. Employee and self-employed contributions are subtractions in the calculation of net earnings by place of residence and all of the income measures.
- (4) The adjustment for residence is the net inflow of the earnings of inter-area commuters. For the United States, it consists of adjustments for border workers and US residents employed by international organizations and foreign embassies.
- (5) Rental income of persons includes the capital consumption adjustment.
- (6) Includes actual employer contributions and actuarially imputed employer contributions to reflect benefits accrued by defined benefit pension plan participants through service to employers in the current period.
- (7) Proprietors' income includes the inventory valuation adjustment and capital consumption adjustment.
- (8) Under the 2007 NAICS, internet publishing and broadcasting was reclassified to other information services. Metropolitan Areas are defined (geographically delineated) by the Office of Management and Budget (OMB) bulletin no. 20-01 issued March 6, 2020.

Note. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Statistics presented in thousands of dollars do not indicate more precision than statistics presented in millions of dollars.

Last updated: November 16, 2022, new statistics for 2021; revised statistics for 2010-2020

Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce
CAINC5N Footnotes; Personal Income by Major Component and Earnings by NAICS industry; Bureau of Economic Analysis November 2021

CITY OF EL PASO, TEXAS
Taxable Sales by Category
Last Ten Calendar Years*
(in thousands)
(Modified Accrual Basis of Accounting)

	2022*	2021	2020	2019	2018	2017	2016	2015	2014	2013
Agriculture, Forestry, Fishing	\$ 8	\$ 33	\$ 236	\$ 176	\$ 215	\$ 346	\$ 467	\$ 407	\$ 412	\$ 750
Mining	1,729	5,796	3,947	6,744	7,513	6,533	1,190	154	190	150
Construction	64,965	233,389	102,775	222,080	201,106	191,951	186,236	171,640	156,718	146,399
Manufacturing	59,394	229,836	94,706	183,997	164,128	157,751	144,511	151,530	147,471	140,173
Transportation, Communications & Utilities	73,189	322,201	4,133	7,793	266,047	266,845	259,643	243,795	244,895	220,679
Wholesale Trade	138,454	498,458	218,056	421,235	400,578	393,976	368,614	339,688	320,018	307,139
Retail Trade	1,197,923	5,044,192	1,891,363	4,211,206	4,070,103	3,943,639	3,914,344	3,932,959	3,877,739	3,808,240
Finance, Insurance & Real Estate	20,689	80,665	42,228	85,944	78,430	74,913	75,331	73,806	75,408	81,891
Services	632,743	2,529,338	90,894	193,295	183,738	177,406	172,363	168,521	161,959	154,006
Public Administration	565	2,241	929	3,755	3,377	3,457	4,039	4,213	3,685	3,401
Other	80	191	27	82	89	49	82	36	30	29
Total	\$ 2,189,739	\$ 8,946,340	\$ 2,449,294	\$ 5,336,307	\$ 5,375,324	\$ 5,216,866	\$ 5,126,820	\$ 5,086,749	\$ 4,988,525	\$ 4,862,857

* Based on 1st calendar quarter of 2022

Source: Texas Comptroller of Public Accounts

CITY OF EL PASO, TEXAS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands, except per capita)

Governmental Activities								
Fiscal Year	General Obligation Bonds	Special Revenue Bonds	Special Revenue Bonds - Direct Placement	Certificates of Obligations	Net Unamortized Premium on Bonds*	Note Payable	Capital Lease Obligation**	Total Governmental Activities
2022	\$ 961,525	\$ 61,810	\$ 655	\$ 490,980	\$ 141,833	\$ 1,050	\$ —	\$ 1,657,853
2021	925,585	62,480	655	423,478	131,507	1,560	—	1,545,265
2020	847,986	58,810	655	421,106	126,560	7,059	7,552	1,469,728
2019	749,167	59,475	—	437,772	95,856	8,677	10,808	1,361,755
2018	682,672	60,120	—	404,449	88,193	10,888	15,644	1,261,966
2017	716,727	60,685	—	419,397	97,525	13,049	21,115	1,328,498
2016	738,454	60,995	—	435,085	108,053	11,200	26,405	1,380,192
2015	545,374	60,785	—	427,760	57,428	4,425	31,509	1,127,281
2014	523,427	60,785	—	404,316	—	23,499	18,185	1,030,212
2013	554,386	60,785	—	304,684	—	27,238	20,063	967,156

Business-Type Activities										
Fiscal Year	General Obligation Bonds	Special Revenue Bonds	Certificates of Obligations	Net Unamortized Premium (Discount) on Bonds*	Note Payable	Capital Lease Obligation**	Total Business-Type Activities	Total Outstanding Debt	Percentage of Actual Property Value (1)	Debt Per Capita (2)
2022	\$ 34,330	\$ 37,050	\$ 54,840	\$ 6,965	\$ —	\$ —	\$ 133,185	\$ 1,791,038	4.490%	\$ 2,640
2021	36,550	41,545	57,662	8,394	—	—	144,151	1,689,416	4.415%	2,434
2020	20,754	45,825	76,604	10,565	—	—	153,748	1,623,476	4.406%	2,347
2019	18,158	52,610	85,213	8,351	—	—	164,332	1,526,087	4.274%	2,235
2018	16,088	14,940	93,336	3,910	—	—	128,274	1,390,240	4.053%	2,034
2017	18,453	15,650	96,123	4,431	—	—	134,657	1,463,155	4.332%	2,142
2016	20,746	16,330	98,745	4,982	—	—	140,803	1,520,995	4.592%	2,233
2015	22,996	17,635	95,375	4,447	—	—	140,453	1,267,734	3.871%	1,867
2014	23,988	18,880	94,709	—	—	—	137,577	1,167,789	3.596%	1,720
2013	3,214	34,325	30,376	—	11,366	1,609	80,890	1,048,046	3.270%	1,554

* Net premium/discount on bonds payable is presented starting with fiscal year 2015

** Prior to implementation of GASB Statement No. 87

(1) Property value is disclosed on Assessed Value and Actual Value

(2) Population is disclosed on Ratios of Net General Bonded Debt Outstanding

CITY OF EL PASO, TEXAS
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands, except per capita)

Fiscal Year Ended August 31	Population*	Taxable Assessed Value	Gross Bonded Debt ⁽¹⁾	Less: Amounts Available in Debt Service Fund ⁽²⁾	Total	Percentage of Actual Taxable Value of Property	Per Capita
2022	678,415	\$ 39,889,677	\$ 1,542,725	\$ 11,890	\$ 1,530,835	3.838 %	\$ 2,256
2021	694,033	38,207,596	1,444,835	19,586	1,425,249	3.730 %	2,054
2020	691,610	36,846,717	1,368,510	16,368	1,352,142	3.670 %	1,955
2019	682,669	34,194,367	1,290,310	9,222	1,281,088	3.746 %	1,877
2018	683,577	33,787,418	1,196,545	1,848	1,194,697	3.536 %	1,748
2017	683,080	34,636,839	1,250,700	6,986	1,243,714	3.591 %	1,821
2016	681,124	32,832,476	1,293,031	4,003	1,289,028	3.926 %	1,893
2015	679,036	32,513,071	1,091,505	3,598	1,087,907	3.346 %	1,602
2014	679,036	32,143,581	1,046,440	2,173	1,044,267	3.249 %	1,538
2013	674,433	31,822,617	892,660	712	891,948	2.803 %	1,323

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(*) Population information obtained from Office of Management and Budget (OMB) City of El Paso.

(1) This is the gross bonded debt of both governmental and business-type activities. The Tax Note included in notes payable - direct borrowing which is supported by ad valorem taxes is included in this calculation.

(2) This is the amount restricted for debt service principal payments.

CITY OF EL PASO, TEXAS
Direct and Overlapping Governmental Activities Debt
Year Ended August 31, 2022
(in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt			
Canutillo Independent School District	\$ 232,101	79.86 %	\$ 185,356
El Paso County	170,979	83.69 %	143,092
El Paso County Hospital District*	351,005	83.73 %	293,896
El Paso Independent School District	1,055,345	99.23 %	1,047,219
Socorro Independent School District	912,037	67.90 %	619,273
Ysleta Independent School District	1,691,070	99.90 %	1,689,379
Total Overlapping Debt	<u>4,412,537</u>		<u>3,978,216</u>
City Direct Debt⁽²⁾	1,593,811	100.00 %	1,593,811
Total Direct and Overlapping Debt			<u><u>\$ 5,572,027</u></u>

* Known as University Medical Center of El Paso
Source: Texas Bond Review Board Website and El Paso Central Appraisal District

⁽¹⁾ The percentage of overlapping debt is calculated by dividing the total assessed value of the overlapping area by the total assessed value of the city.

⁽²⁾ Note: The Governmental Special Revenue bonds and related premium have been excluded because they are not paid with ad valorem taxes.

CITY OF EL PASO, TEXAS
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2022

Total Taxable Assessed Value	\$ 39,889,676,712	
Legal Debt Limit (10 Percent of Assessed Value)		3,988,967,671
Debt Applicable to Limit:		
General Obligation Bonds & Other Property Tax Supported Debt	1,542,725,000	
Less: Self Supported Debt	(89,170,000)	
Amount Set Aside for Repayment of Tax Supported Debt	(11,889,652)	
Total Net Debt Applicable to Limit		<u>1,441,665,348</u>
Legal Debt Margin		<u><u>\$ 2,547,302,323</u></u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$3,988,967,671	\$3,826,445,624	\$3,684,671,655	\$3,524,887,268	\$3,818,501,816	\$3,721,234,565	\$3,283,247,603	\$3,251,307,136	\$3,214,358,149	\$3,182,261,676
Total Net Debt Applicable to Limit	1,441,665,348	1,331,037,485	1,254,782,928	1,177,716,991	1,077,477,784	1,255,006,158	1,277,589,949	1,087,904,887	1,033,442,389	911,995,626
Legal Debt Margin	\$2,547,302,323	\$2,495,408,139	\$2,429,888,727	\$2,347,170,277	\$2,741,024,032	\$2,466,228,407	\$2,005,657,654	\$2,163,402,249	\$2,180,915,760	\$2,270,266,050
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	36.1%	34.8%	34.1%	33.4%	28.2%	33.7%	38.9%	33.5%	32.2%	28.7%

Source: City of El Paso Financial Statements 2013-2022

CITY OF EL PASO, TEXAS

Pledged Revenue Coverage

Last Ten Fiscal Years

Revenue Bond Coverage							
El Paso International Airport							
Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽¹⁾	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2022	\$ 49,320,190	\$ 35,501,752	\$ 13,818,438	\$ 4,495,000	\$ 2,077,250	2.10	
2021	40,714,526	34,682,294	6,032,232	4,280,000	2,291,250	0.92	
2020	41,124,641	34,322,088	6,802,553	4,245,000	2,409,417	1.02	
2019	51,272,991	36,006,888	15,266,103	3,805,000	2,475,838	2.43	
2018	45,974,542	32,693,652	13,280,890	710,000	736,225	9.18	
2017	37,871,864	32,068,091	5,803,773	680,000	763,425	4.02	
2016	37,666,024	31,343,762	6,322,262	1,305,000	823,781	2.97	
2015	37,032,793	30,062,592	6,970,201	1,245,000	879,806	3.28	
2014	33,572,430	29,992,419	3,580,011	1,195,000	932,088	1.68	
2013	36,284,924	27,625,030	8,659,894	1,145,000	980,750	4.07	

Environmental Services							
Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽¹⁾	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2022	\$ 69,063,037	\$ 29,918,310	\$ 39,144,727	—	\$ —	—	
2021	68,296,782	35,686,483	32,610,299	—	—	—	
2020	71,660,591	37,823,219	33,837,372	—	—	—	
2019	59,911,227	37,245,816	22,665,411	—	—	—	
2018	48,154,358	38,411,279	9,743,079	—	—	—	
2017	48,381,003	36,538,145	11,842,858	—	—	—	
2016	52,182,776	42,429,151	9,753,625	—	—	—	
2015	48,964,695	36,764,166	12,200,529	—	—	—	
2014	41,031,352	42,010,866	(979,514)	—	—	—	
2013	53,281,620	36,715,389	16,566,231	630,000	750,088	12.00	

Source: City of El Paso Financial Statements 2013-2022

⁽¹⁾ Does not include depreciation

CITY OF EL PASO, TEXAS
Principal Employers
Current Year and Nine Years Ago

2022⁽¹⁾				2013⁽³⁾			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Fort Bliss	47,628	1	15.15 %	Fort Bliss	37,900	1	12.90 %
El Paso Independent School District	7,875	2	2.51 %	El Paso Independent School District	9,000	2	3.06 %
Socorro Independent School District	7,144	3	2.27 %	Ysleta Independent School District	5,545	5	1.89 %
T&T Staffing Management, Inc	6,387	4	2.03 %	T&T Staffing	7,155	3	2.44 %
Ysleta Independent School District	6,022	5	1.92 %	Socorro Independent School District	5,020	6	1.71 %
City of El Paso	5,556	6	1.77 %	City of El Paso (e)	7,000	4	2.38 %
The Hospitals of Providence	5,300	7	1.69 %	University of Texas at El Paso	2,499	9	0.85 %
University of Texas at El Paso	3,400	8	1.08 %		2,771	8	0.94 %
El Paso Community College	3,102	9	0.99 %	El Paso Community College	3,700	7	1.26 %
WBAMC Internal Medicine Clinic	3,000	10	0.95 %	University Medical Center	2,455	10	0.84 %
Total:	<u>95,414</u>		<u>30.35 %</u>	Total:	<u>83,045</u>		<u>28.27 %</u>
Total Employed ⁽²⁾		<u>314,358</u> ⁽²⁾				<u>293,800</u>	

⁽¹⁾ Source: List generated by El Paso Inc, provided by City of El Paso, Economic Development, Staff (December 2022)

⁽²⁾ Source: U.S. Department of Labor

⁽³⁾ Source: List generated by Hoovers and verified by City of El Paso, Economic Development, Staff (October 2013)

CITY OF EL PASO, TEXAS
Demographics and Economic Statistics
Last Ten Calendar Years

Year	Population ⁽¹⁾				Per Capita Personal Income ⁽²⁾			City of El Paso Unemployment Rate ⁽³⁾
	U.S.	Change from prior Period	State of Texas	Change from prior Period	U.S.	State of Texas	Texas as a Percentage of U.S.	
2022	332,693,300	0.7274%	29,838,025	0.5808%	\$64,993	\$61,780	95.06%	4.6%
2021	330,290,763	(0.0549)%	29,665,740	2.3102%	62,215	57,794	92.89%	5.8%
2020	330,472,101	1.0101%	28,995,881	1.0244%	61,842	57,231	92.54%	8.7%
2019	327,167,434	(0.5390)%	28,701,845	(2.2632)%	57,652*	57,051*	98.96%	3.7%
2018	328,940,583	1.0989%	29,366,479	1.9765%	51,640	47,362	91.72%	4.4%
2017	325,365,189	0.6925%	28,797,290	3.3547%	49,246	46,274	93.96%	4.8%
2016	323,127,513	0.5316%	27,862,596	1.4325%	48,112	46,947	97.58%	5.0%
2015	321,418,820	0.8034%	27,469,114	1.8999%	46,049	45,669	99.17%	4.6%
2014	318,857,056	0.8630%	26,956,958	1.9236%	44,543	43,552	97.78%	7.0%
2013	316,128,839	0.2789%	26,448,193	0.1683%	42,693	41,471	97.14%	8.1%

Data Sources:

- ⁽¹⁾ U.S. Department of Commerce, United States Census Bureau
- ⁽²⁾ Bureau of Labor Statistics, U.S. Department of Labor, Bureau of Business and Economic Research
- ⁽³⁾ U.S. Bureau of Labor and Statistics
- * www.ehomesearch.com projections

CITY OF EL PASO, TEXAS
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety										
Police										
Number of Dispatch Calls	361,749	388,846	390,323	393,033	374,439	310,104	337,676	396,874	487,492	306,739
Number of Citations Issued	111,134	122,803	191,370	226,514	223,796	216,428	246,866	289,900	309,852	435,819
Fire										
Number of Service Calls-Fire	34,735	34,484	32,470	32,601	30,283	29,222	26,766	25,978	24,784	24,254
Number of Service Calls-EMS	60,922	55,320	52,343	53,039	53,479	52,679	53,199	52,267	50,905	49,849
Public Works										
Miles of Street Resurfacing	12	4	2	62	31	10	14	16	13	8
Public Health										
Number of Clients Served	391,478	397,146	376,263	398,849	612,945	1,886,861	1,406,226	660,359	207,016	215,557
Parks										
Number of Athletic Field Permits Issued	17,169	7,584	5,350	6,546	5,331	4,293	4,874	2,437	2,475	7,110
Number of Users	343,380	91,008	66,875	81,825	79,965	53,125	52,125	51,000	51,000	45,400
Library										
Average Monthly Circulation	78,233	132,150	157,913	159,586	171,257	190,669	179,134	133,677	143,735	146,842
Culture and Recreation										
Number of Museums	3	3	3	3	3	3	3	3	3	3
Number of Users	95,422	30,430	155,845	510,673	197,635	156,972	182,779	137,320	157,000	704,752
Planning and Inspections										
Number of Permits Issued	42,628	39,710	41,087	43,565	40,907	47,206	41,274	35,115	30,983	31,061
International Airport Operations										
Number of Takeoff and Landings	92,287	84,115	78,944	82,936	81,725	76,136	80,309	83,990	93,396	91,775
Solid Waste Disposal Operations										
Refuse Collection (Tons)	508,690	538,381	487,707	456,049	438,346	474,403	434,570	401,058	408,101	401,583
Recyclables Collected (Tons)	21,607	21,282	25,100	25,801	28,281	31,540	32,446	33,290	32,983	33,071
Mass Transit Operations										
Number of Passengers	4,979,302	3,825,460	8,320,846	12,719,904	13,403,058	13,670,000	14,696,000	15,954,000	16,592,000	16,459,406
International Bridges Operations										
Number of Pedestrian Crossings	2,799,489	1,972,154	3,089,487	4,617,358	4,324,681	4,422,551	4,426,791	4,281,618	4,063,492	3,938,677
Number of Vehicle Crossings	5,192,732	4,566,706	3,776,568	3,932,865	4,364,654	4,167,034	4,539,972	4,462,625	4,331,800	4,174,351
Zoo										
Annual Attendance	334,925	233,284	126,354	292,246	315,846	318,864	344,309	358,166	378,009	332,615
Component Unit										
El Paso Water Utility										
Customers (Retail)	218,160	216,238	213,146	209,624	206,609	204,140	201,807	198,767	196,600	194,274
Water Pumped (Million Gallons)	40,590	40,944	37,914	38,390	37,958	37,693	37,487	37,324	37,345	38,820

CITY OF EL PASO, TEXAS
Employees by Funding Source and Function
Last Ten Fiscal Years

Funding Source	2022			2021			2020			2019			2018			2017			2016			2015			2014			2013		
	Non uniformed	Police	Fire																											
General Fund	1,681	1,088	820	1,789	1,099	820	1,525	1,121	782	1,946	1,162	869	1,855	1,010	864	1,770	990	855	1,696	962	853	1,701	971	817	1,693	983	813	1,801	988	834
Community Development Block Grants	23	—	—	24	—	—	34	—	—	37	—	—	70	—	—	32	—	—	36	—	—	31	—	—	24	—	—	14	—	—
Capital Projects	9	—	—	6	—	—	8	—	—	25	—	—	13	—	—	15	—	—	18	—	—	24	—	—	7	—	—	4	—	—
Federal Grants	190	15	44	19	15	1	105	15	68	13	14	7	7	16	3	8	15	2	9	16	3	16	15	3	33	15	3	52	24	35
Federal Grants-ARRA	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	31	—	—
State Grants	11	9	—	12	10	—	11	10	—	1	10	—	12	10	—	8	10	—	8	11	—	7	12	—	4	11	—	2	—	—
Other Grants	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	—	—
Public Health Waiver Program	20	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health Grants	145	—	—	154	—	—	164	—	—	204	—	—	164	—	—	175	—	—	190	—	—	192	—	—	189	—	—	194	—	—
Nongrants	255	—	20	253	—	18	269	—	14	16	2	—	156	1	—	197	2	20	28	1	—	31	1	—	36	1	—	38	—	—
Supply and Support	74	—	—	88	—	—	90	—	—	2	—	—	104	—	—	95	—	—	95	1	—	98	—	—	91	—	—	81	—	—
SIF-Health Benefits	20	—	—	37	—	2	16	—	—	22	—	—	16	—	—	16	—	—	18	—	—	15	—	—	20	—	—	13	—	—
Airport	185	24	32	178	24	28	193	21	30	234	23	32	203	21	31	213	22	31	221	22	29	224	21	27	220	21	26	225	20	29
International Bridges	61	—	—	64	—	—	60	—	—	69	—	—	62	—	—	62	—	—	61	—	—	60	—	—	57	—	—	59	—	—
Environmental Svc	330	—	—	340	—	—	317	—	—	391	—	20	347	—	—	353	—	—	498	—	20	473	—	20	452	—	19	398	—	—
Mass Transit	470	—	—	460	—	—	529	—	—	718	—	—	556	—	—	559	—	—	556	—	—	586	—	—	578	—	—	542	—	—
Tax Office	20	—	—	18	—	—	20	—	—	25	—	—	20	—	—	19	—	—	21	—	—	—	—	—	—	—	—	—	—	—
Private-Purpose Trusts	8	—	—	18	—	—	17	—	—	17	—	—	7	—	—	1	—	—	5	—	—	5	—	—	4	—	—	4	—	—
Agency Funds	2	—	—	10	—	—	2	—	—	2	—	—	8	—	—	17	—	—	8	—	—	7	—	—	8	—	—	8	1	—
Total	3,504	1,136	916	3,470	1,148	869	3,360	1,167	894	3,722	1,211	928	3,600	1,058	898	3,540	1,039	908	3,468	1,013	905	3,471	1,020	867	3,416	1,031	861	3,467	1,033	898

CITY OF EL PASO, TEXAS
Employees by Funding Source and Function (continued)
Last Ten Fiscal Years

Full-Time Equivalent Employees as of August 31, 2022

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety	2,577	2,617	2,548	2,604	2,312	2,395	2,297	2,308	2,284	2,406
Public Works	290	312	397	284	369	399	317	319	339	323
Public Health	260	254	225	274	368	425	348	300	301	298
Parks Department	271	232	249	428	332	274	258	264	259	272
General Government	438	425	331	244	328	302	294	348	343	283
Library	143	90	26	159	152	155	145	149	147	183
Culture and Recreation	142	133	111	153	154	145	216	154	158	163
Community and Human Development	38	34	34	44	36	35	48	35	38	37
Facilities Maintenance	45	51	90	71	70	69	65	64	63	69
Planning	112	88	101	137	135	17	27	27	27	112
Economic Development	14	16	14	21	21	18	16	21	4	4
Supply and Support	74	88	90	2	104	95	96	97	90	79
Self Insurance Funds	20	15	16	22	16	—	—	—	—	—
Sun Metro	470	460	529	718	556	560	551	583	574	533
Solid Waste	330	340	317	391	347	277	344	370	370	366
Airport	241	230	244	234	255	223	272	257	252	206
International Bridges	61	64	60	69	62	61	60	55	51	56
Tax Office	20	18	20	25	20	19	21	—	—	—
Private-Purpose Trusts	8	18	17	17	9	9	5	—	—	—
Agency Funds	2	2	2	2	2	2	6	7	8	8
Total	5,556	5,487	5,421	5,899	5,648	5,480	5,386	5,358	5,308	5,398

CITY OF EL PASO, TEXAS
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function/Program										
Public Safety										
Police										
Number of Police Vehicles	935	934	922	831	787	774	775	814	840	813
Number of Stations	5 Regions and HQ									
Fire										
Number of Fire Engines	99	97	97	97	97	99	99	67	67	68
Number of Fire Stations	35	35	35	35	35	35	35	35	36	36
Public Works										
Paved Streets (Lane Miles)	2,293	2,258	2,253	2,262	2,311	2,264	2,243	2,280	2,224	2,200
Traffic Signals	701	701	700	681	660	656	656	655	652	643
Parks										
Number of Parks	307	307	297	295	292	288	261	258	244	236
Number of Swimming Pools	15	15	15	15	15	14	14	14	14	14
Number of Recreation Centers	20	20	16	16	16	16	16	16	16	16
Number of Water Parks	4	4	—	—	—	—	—	—	—	—
Number of Branch Libraries	15	15	13	13	13	13	13	13	13	13
Book Stock	848,898	812,738	796,705	793,969	793,396	784,565	749,270	709,982	642,831	611,082
Culture and Recreation										
Number of Exhibits	18	18	25	25	29	31	38	35	34	95
International Airport Operations										
Number of Hangars	253	253	253	253	253	253	236	203	203	242
Solid Waste Disposal Operations										
Number of Collection Trucks	122	114	116	110	113	118	120	115	115	103
Mass Transit Operations										
Number of Buses	161	161	195	186	169	162	169	169	169	166
Component Unit										
El Paso Water Utility										
Capitalize Miles of Water Mains	2,767	2,752	2,733	2,706	2,692	2,670	2,635	2,615	2,593	2,561

